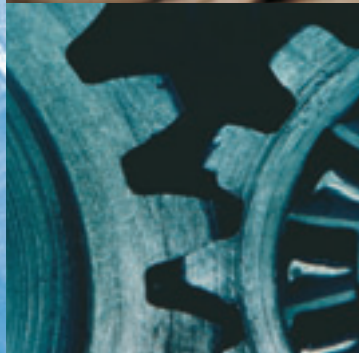
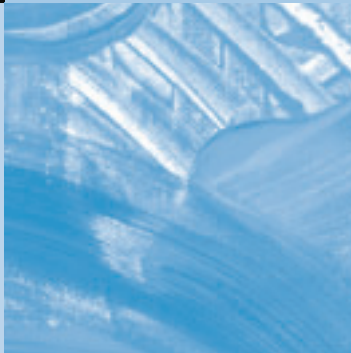
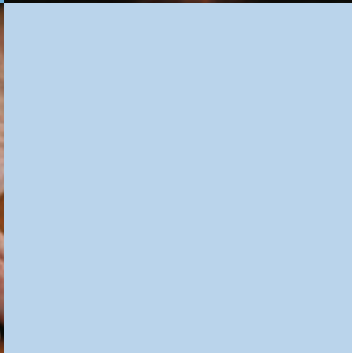
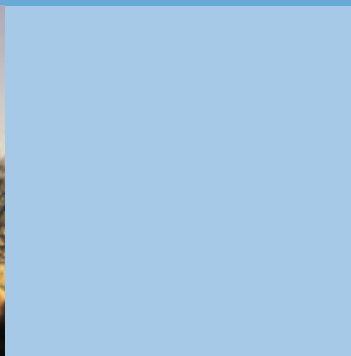
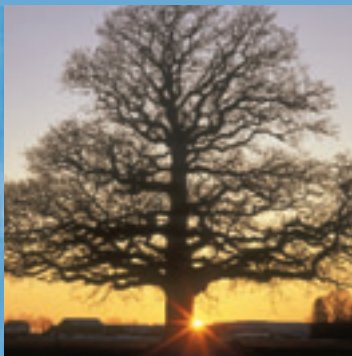
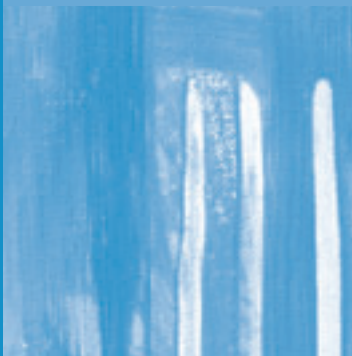




**KLP
INSURANCE**



Annual Report 2004



EVENTS IN 2004

JANUARY 2004

Tomorrow's pensions

KLP's January Conference "Public pensions at a crossroads" is held in cooperation with the trade organisation Fagforbundet. The theme of the year is the Modernised National Insurance Scheme and the effect this will have on public sector service pensions.

Modernised National Insurance Scheme

The Pension Commission presents its report on the Modernised National Insurance Scheme. The report looks at the challenges we face to secure future pensions.

KLP suggestions on ethical investments

KLP Forsikring submits suggestions to the Ministry of Finance on ethical investments for the Petroleum Fund.

FEBRUARY 2004

ECON/FAFO report on KLP's choice of form of incorporation
ECON and FAFO deliver a fact-based examination of the premisses and arguments for various equity capital models for KLP. The report concludes that there is no clear recommendation for the choice of company model.

Police station in Trondheim opened

Official opening of the new police station, which is built by KLP Eiendom Trondheim.

Ownership meetings in KLP

KLP conducts ownership meetings for municipalities and companies. A central theme is KLP's plans for conversion to a limited company. 138 delegates are elected to the General Meeting.

MARCH 2004

Strong credit rating for KLP

The international rating agency Standard & Poor's gives KLP the high rating of "A- with stable outlook". The rating means that KLP is seen as having a strong financial position, but may be affected by any unfavourable development in the markets in which the company operates.

Survey of disability pensions

KLP establishes a cooperation project with NAVO and RHF/HF to survey and analyse causes and trends in relation to disability occurrence in health companies.

KLP supports the Blue Cross

KLP draws up a cooperation agreement with the Blue Cross. The process is connected to the cooperation concerning preventative work in general and the "Children in the Danger Zone" project in particular.

APRIL 2004

Annual General Meeting in KLP

KLP holds its AGM on 22 April.

Subordinated loan gives greater freedom of action

KLP takes up a subordinated loan for around NOK 1 billion, which is included in the company's capital base. The loan strengthens and improves the company's capital structure.

MAY 2004

Important ruling for the non-life company

KLP Skadeforsikring is awarded the right of recourse after a school fire in the county of Vestfold. It is the first time that KLP Skadeforsikring seeks recourse in such a matter.

Purchase of efficient office properties

KLP Eiendom invests in office premises at Helsenyr with a total value of NOK 370 million.

JUNE 2004

Ethical requirements produce results

The KLP list of excluded companies is published for the fourth time. Active dialogue with both Nomura Securities and Nestlé have contributed to improvements which make KLP now choose to include these companies in its investment universe again.

Three women at the top

At the company's Supervisory Board meeting, three women are elected to the top positions.

JULY 2004

Conversion of IT systems completed

KLP finishes the conversion of its IT systems. The conversion, which is probably Norway's largest integration project in life insurance, is undertaken to adapt the company's services to a new range of products. The new system solution provides greater product flexibility and a better service to customers.

AUGUST 2004

KLP invests in Fornebu

KLP Eiendom buys Fornebu Park Hotel. The hotel has a very good location in an area where strong growth is expected in future.



SEPTEMBER 2004

Board confirms demutualisation decision

KLP's Board of Directors concludes that it is in the company's best interests to demutualise it in accordance with the customer model.

OCTOBER 2004

Government adopts Revised Transfer Agreement

The Government adopts the revised Transfer Agreement in line with the proposal from the Ministry of Modernisation. All employers affiliated to the Transfer Agreement outside the statutory schemes must participate in an insurance scheme that will apply from 1 January 2004. The Government's decision means that all life insurance companies are treated equally in relation to the Transfer Agreement. This means that customers' relationship to the Transfer Agreement is independent of KLP's form of incorporation. KLP has always been closely involved in the work on the agreement.

Storting adopts new life insurance act

The Storting (Norwegian Parliament) adopts the Finance Committee's recommendation for amendments to the Insurance Business Act. This means the establishment of a sharper distinction between the insureds' and the company's assets, a clearer sharing of risk between customer and company, and clearer pricing of each part of a product and each service. The new law is expected to come into force in 2006/07.

NOVEMBER 2004

KLP publishes list of excluded companies

KLP updates its list of companies that are excluded from its investment portfolio. There are now 15 companies on the list, and for the first time two companies are excluded from KLP's investment portfolio on the grounds of corruption.

DECEMBER 2004

Customers loyal to KLP

In all, 30 municipalities give provisional notice of transfer from KLP by 1 October 2004. Of these, 22 choose to remain with the company and, in addition, one returns from a competing life-insurance company.

Government follows up Pensions Commission

The Government presents its Report to the Storting "Pensjonsreform - trygghet for pensjonene" (Pension reform - security for pensions). Most of the Commission's recommendations are kept in the Report to the Storting.

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Text and concept: KLP Forsikring

Pictures front cover:

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Portraits: Bjørn Halfdansen / Terje Skåre

Translation: Translatørbyrået Styren

Designs and graphic production: Saturn

Print run: 4000 Norwegian and 1000 English

April 2005

KEY FIGURES AND COMMENTARY

GOOD RESULTS FOR KLP

Kommunal Landspensjonskasse (KLP) achieved very good results in 2004. The company had net financial income of NOK 8.8 b in 2004, compared with just over NOK 9 b the year before. The profit for 2004 before distribution between the company and customers was NOK 3.2 b. This gives the company a value-adjusted return of 6.9 per cent (booked 6.0 per cent). Including value-adjustments on the hold-to-maturity portfolio, the return on invested capital was 7.7 per cent. Ordinary premiums amounted to NOK 8.9 b and the adjustment premium for the pay and national insurance settlement was NOK 4.8 b. Combined premium income for 2004 amounted to NOK 13.6 b, around NOK 1 b more than the year before.

The healthy profit for the year was partly used to strengthen the company's finances through a transfer of NOK 1.1 b to supplementary reserves. At the same time KLP booked around NOK 1.9 b to the customers' premium reserve. The profit for the year of NOK 143 m was transferred to the company's equity fund.

ASSET MANAGEMENT, FINANCIAL STRENGTH AND RATING

KLP's total assets grew in 2004 by nearly NOK 15 b to NOK 142 b. Almost 40 per cent of the financial assets are invested in bonds held to maturity. This will ensure stable earnings even in the years to come in spite of low interest rates. The proportion of equities increased from 8.5 per cent to 13.2 per cent at the end of the year (16.2 per cent including derivatives).

KLP's overall buffer capital was strengthened by almost NOK 3 b to NOK 8.4 b at the end of the year. In addition the company has surplus values of NOK 5.2 b in its portfolio of bonds held to maturity. The company's solvency ratio increased during the year from 158 per cent to 175 per cent at the year-end.

Owing to the increased proportion of equities in relation to bonds and loans combined with an increased balance sheet, the capital adequacy fell from 16.2 per cent at the beginning of the year to 14.0 per cent at the end of the year. The capital adequacy ratio is still well above the minimum requirement of 8 per cent.

In 2004 KLP took up a perpetual subordinated loan and repaid a time-limited subordinated loan. The perpetual subordinated loan is recognised as core capital by the Financial Supervisory Authority of Norway. At the end of the year the company had a credit rating from Standard & Poor's of "A- with a stable outlook".

PENSION INSURANCE

Customers have great confidence in KLP. The net transfer out of premium reserves has shown a downward trend over the last three years. At the beginning of 2005, 347 municipalities and county municipalities, around 2 500 companies and 31 health enterprises were customers of KLP. Eight municipalities chose to leave KLP at the end of 2004. In addition one municipality transferred its reserves out of KLP as a result of a merger of municipalities. One municipality chose to return to KLP after many years with a competing life company.

Greater freedom of choice with regard to the extent of cover of pension insurance has been a leading factor in the work on developing new products. This is partly due to amendments in the law on public service pensions, but it is also a result of a close dialogue with the company's customer groups. It is expected that greater freedom of choice will be important both in relation to existing customers and potential new customers.

KLP pays pensions to around 130 000 pensioners. The number of working members has increased slightly over the past five years, from 276 232 in 2000 to 289 449 at the end of 2004. KLP's administration costs were 0.35 per cent of average total assets in 2004.

NON-LIFE INSURANCE

The subsidiary KLP Skadeforsikring AS recorded a profit of NOK 24.6 m, compared with NOK 16.2 m in 2003. The improvement in profits was mainly due to a reduction in the number of reported claims. In particular the number of large fire damage claims has been modest. The overall claims ratio for own account for all sectors was 75.3 per cent. The company's costs as a ratio of premiums for own account amounted to 13.2 per cent, which gives a combined ratio of 88.5 per cent. The corresponding figure for 2003 was 96.7 per cent.

KLP'S DEVELOPMENT OVER THE LAST 5 YEARS

Key figures		2004	2003	2002	2001	2000
1)	Return on capital I	6,0 %	6,9 %	3,0 %	0,2 %	12,5 %
1)	Return on capital II	6,9 %	8,2 %	3,0 %	-0,3 %	3,0 %
1)	Return on capital III	7,7 %	10,7 %	3,7 %	-0,1 %	3,0 %
	Average interest rates	6,0 %	7,0 %	3,0 %	0,4 %	12,5 %
	Capital adequacy	14,0 %	16,2 %	17,2 %	14,5 %	10,6 %
	Solvency margin capital/solvency margin requirement at 31.12	175 %	171 %	160 %	173 %	210 %
	Combined management costs					
	as a % of premium income (excl. Transfers in)	3,4 %	3,3 %	2,8 %	2,8 %	4,4 %
	as a % of average total assets	0,35 %	0,34 %	0,36 %	0,34 %	0,33 %
	as a % of customer reserves	0,38 %	0,37 %	0,38 %	0,36 %	0,38 %
	Operating expenses group pensions					
	as a % of premium income (excl. transfers in)	3,4 %	3,2 %	2,7 %	2,8 %	4,4 %
	as a % of average customer reserves	0,36 %	0,35 %	0,36 %	0,34 %	0,35 %
Main figures - NOK million		2004	2003	2002	2001	2000
	Result					
2)	Premiums excl. transfers in	13 648	12 578	13 793	11 980	6 991
2)	Net transfers in/out	-1 029	-1 282	-2 651	-1 985	236
2)	Net revenues from financial assets	8 785	9 159	3 044	-403	2 743
2)	Claims excl. Transfers out	-5 462	-5 110	-4 756	-4 532	-4 189
2)	Change in insurance provisions	-10 470	-10 193	-9 170	-7 961	-11 039
	Insurance and finance-related administration costs	-469	-412	-385	-340	-310
3)	Other items	-608	-960	-57	1 350	-66
	To/from securities adjustment fund	-1 212	-1 384	0	473	7 851
	Operating profit/loss	3 183	2 396	-182	-1 419	2 217
	Profit/loss before allocation/coverage	3 183	2 396	-182	-1 419	2 217
	To (-)/from (+) supplementary provisions	-1 121	-1 750	182	1 419	-1 292
	Assets transferred to insurance customers	-1 919	-469	0	0	-575
	Pre-tax profit	143	177	0	0	350
	Tax expense	0	0	0	0	0
	Profit/loss for the year	143	177	0	0	350
	Profit/loss analysis					
	Interest profit/loss	3 385	3 532	-227	-3 226	2 446
	Risk profit/loss	28	54	69	128	-130
4)	Other items	-22	-598	-200	0	0
	Management profit/loss	10	55	38	10	-12
	Assets					
	Buildings and other real estate	10 951	10 021	9 796	9 351	8 315
	Bonds held to maturity	52 766	59 525	37 304	13 805	14 173
	Loans	16 324	17 594	17 698	18 969	18 243
	Short-term shareholdings	18 036	10 281	4 775	16 219	29 128
	Bonds held to maturity	23 122	16 124	23 113	24 152	19 170
	Certificates	7 298	3 035	9 770	11 402	4 484
	Other financial assets	8 081	4 899	4 926	2 393	1 228
	Total financial assets	136 578	121 479	107 382	96 291	94 741
	Other assets	4 946	4 929	5 284	6 613	2 789
	Total assets	141 524	126 408	112 666	102 904	97 530
	Equity and liabilities					
	Equity	4 408	3 868	3 712	3 782	3 833
	Perpetual subordinated loan	675	0	0	0	0
	Subordinated loan capital	1 385	2 352	2 081	1 978	2 110
	Securities adjustment fund	2 595	1 384	0	0	473
	Provisions for insurance purposes	131 597	118 047	105 647	96 665	90 687
	- of which supplementary provisions	4 031	2 924	1 174	1 356	2 792
	Liabilities	864	757	1 226	479	427
	Total equity and liabilities	141 524	126 408	112 666	102 904	97 530
1)	Return on capital I: Booked financial revenues for the year after transfers for the year to/from securities adjustment fund					
	Return on capital II: Booked financial revenues for the year before transfers for the year to/from securities adjustment fund					
	Return on capital III: As for Return on capital II plus unrealised value changes during the accounting period in bonds held to maturity.					
2)	Before reinsurance element					
3)	Incl. net result of insurance					
4)	As from 2002 the strengthening of the reserves and the effect of changes in reserves calculation are specified separately under "Other items"					
	In previous years, such items are entered against interest/profit loss					
Number		2004	2003	2002	2001	2000
	Active members	289 449	282 142	278 441	275 643	276 232
	Pensioners	130 466	127 680	123 269	120 526	116 901
	Number of co-workers in the life company	305	297	292	298	278
	Number of employees in the Group	480	469	467	431	396



SOLIDITY AND CHANGE



KLP had a good year in 2004. The company has delivered strong results and retained its market position within public service pensions. Total assets expanded by almost NOK 15 b to NOK 142 b. In recent years, KLP has been concentrating on building up its financial strength and creating consistent and predictable returns on our assets. We now see this was a prudent choice. KLP's profits for 2004 enable us to transfer NOK 1.9 b to our customers' premium reserve. The good return on the insurance funds provide a contribution for covering customers' pension costs.

During the year, substantial changes in the company's regulatory framework became apparent. New legislation governing municipal service pensions came into force. KLP's competitors are now able to offer our main product, namely a gender and age neutral premium system. A revised transfer agreement that secures earned pension rights under public schemes was adopted at the end of the year. In the future, all life insurance companies, including KLP, will compete on the same regulatory terms.

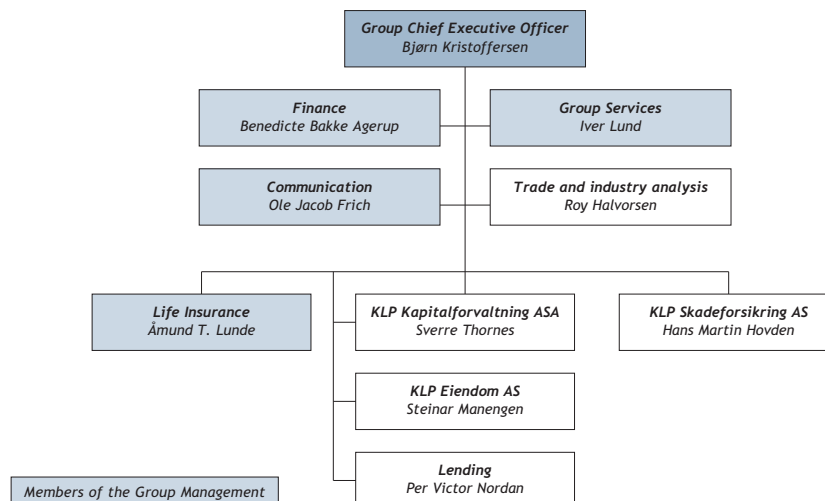
The whole of the Norwegian pension system is up for debate. It is too early to say for sure how much the government's proposals for modernising national insurance will impact on KLP's business. KLP will be cooperating regardless with all parties to tailor the company's products to any new national insurance models introduced.

The company's overall aim is to create value for the company's owners in a financially sound and socially acceptable manner, and to provide reliable pension, financial and insurance services to our customers. KLP is working purposefully to further develop and shape the company for the challenges and demands of the future. A new equity model for KLP will facilitate this.

KLP is a company undergoing change. Nevertheless, the most important thing for us is to maintain and build further on the position that KLP has developed over more than 50 years. Competitiveness, sound financial strength and a close relationship with our customers will ensure that KLP is equipped to solve the challenges of tomorrow.

A handwritten signature in blue ink, reading 'Bjørn Kristoffersen'.

Bjørn Kristoffersen
Group Chief Executive Officer



THIS IS KLP INSURANCE

KOMMUNAL LANDSPENSJONSKASSE

Kommunal Landspensjonskasse (KLP) is the parent company for the KLP Forsikring Group. Today, KLP is one of the leading insurance companies in Norway with total assets of NOK 142 b as at 31 December 2004. The main activity of the Group is group pension insurance for the municipal, county municipal and inter-municipal sector, health enterprises and independent businesses associated with the public sector. The KLP Group also holds a leading position in non-life insurance for the municipal sector, and offers loans and asset management services to the municipal sector as well.

In addition to the parent company, the KLP Group also includes the wholly owned subsidiaries: KLP Skadeforsikring, KLP Eiendom, KLP Fondsforvaltning, KLP Kapitalforvaltning and KLP Forsikringservice.

MARKET POSITION

KLP holds a strong position in the public sector pension market. The municipal sector started the company and has remained at the centre of the development of a fund-based pension scheme for the customer groups. Municipalities, county municipalities, health enterprises and companies currently own the company. At the end of 2004, 347 municipalities and county municipalities, some 2 500 companies and 31 health enterprises have a customer relationship with KLP. The company's pension schemes cover about 400 000 working members and pensioners.

HISTORY

KLP was formed in 1949 under Norsk Kollektiv Pensjonskasse. In 1974, KLP started out as a separate insurance company with its own separate licence. The company experienced considerable growth during the 1960s, a period when the number of municipal employees rose by 50 per cent. During the 1980s and 1990s, the Group expanded its services and range of products, and already by 1985, the number of persons covered by pension insurance had risen to 284 000. Since that time, the company has experienced steady growth in its total assets while the number of customers has stabilised at the level it is today.

OBJECT

The company is to be a competitive financial group that provides security in pension, financial and insurance services to the public sector and associated enterprises. KLP wishes to satisfy its customers' needs, run the business profitably, and provide high quality services. The company's overall aim is to create value for its customers and owners in a financially sound and socially responsible manner.



Group CEO:
Bjørn Kristoffersen



Executive Vice
President,
Communication:
Ole Jacob Frich



Executive Vice
President,
Group services:
Iver Lund



Chief Financial
Officer: Benedicte
Bakke Agerup



Executive Vice
President,
Life insurance:
Åmund T. Lunde



KLP KAPITALFORVALTNING ASA

KLP Kapitalforvaltning ASA is one of Norway's largest asset management resources. The company offers a broad spectrum of investment and management services for public sector actors and businesses that are associated with them. In its investment process, KLP works systematically with minimum ethical requirements that are based on international norms that, among other things, take account of human rights, workers' rights and the environment.

Market position

KLP Kapitalforvaltning ASA manages about NOK 110 b for the parent company and for external customers. Sister companies, KLP Kapitalforvaltning and KLP Fondsforvaltning work together to assist customers in their strategic activities with securities and risk management. The aim is to provide clients with competitive returns within risk parameters predetermined by the customer.



KLP SKADEFORSIKRING AS

KLP Skadeforsikring AS offers accident, occupational injury (workmen's compensation) and property insurance to municipalities and other businesses associated with the municipal sector. The company also provides non-life products for housing cooperatives, property in co-ownership and public transport. For several years, the property insurance business has been expanding strongly and the company is now market leader in personal accident and property insurance within the municipal sector with over half of the municipalities.

Market position

About 370 of Norway's municipalities, and around 1,200 companies and institutions have elected to buy non-life products from KLP Skadeforsikring to varying extents. Consequently, KLP Skadeforsikring is the largest player in this field of insurance business. The company is investing more and more in risk management and preventative measures among its customers.



KLP EIENDOM AS

KLP Eiendom AS manages all KLP's property investments irrespective of whether these are owned directly by Kommunal Landspensjonskasse, or via its subsidiaries. The company manages property in Oslo, Trondheim, Stavanger and Copenhagen to a value of almost NOK 11 b. In 2004, KLP Eiendom received rental income of NOK 926 m, representing an increase of some NOK 21 m over the previous year.

Market position

KLP Eiendom AS is one of Norway's largest property companies. KLP Eiendom manages a total developed area of 756,957 m², in addition to which come roughly 100 acres of leasehold sites. KLP Eiendom has a varied property portfolio. 52 per cent of the portfolio consists of office or public buildings, with the remainder spread over shopping centres, hotels, educational buildings, homes and leasehold sites.



KLP FORSIKRINGSSERVICE AS (FORMERLY KFS)

KLP Forsikringsservice AS offers consultancy services like actuarial services, membership records, pension computation and advice to municipalities having their own pension funds. The company changed its name from Kommunal Forsikringsservice to KLP Forsikringsservice AS in the winter of 2004. It is owned by Kommunal Landspensjonskasse. The company buys resources from KLP and draws benefit from KLP's expertise as far as public sector pension schemes are concerned.

Market position

In all, nineteen municipalities and county municipalities have their pension schemes organised as separate pension funds or separate life companies. Eighteen of these have agreements to buy services from KLP Forsikringsservice AS. The company also services the pension funds of two power organisations. This gives the company a unique position as service provider to pension funds in the municipal sector.

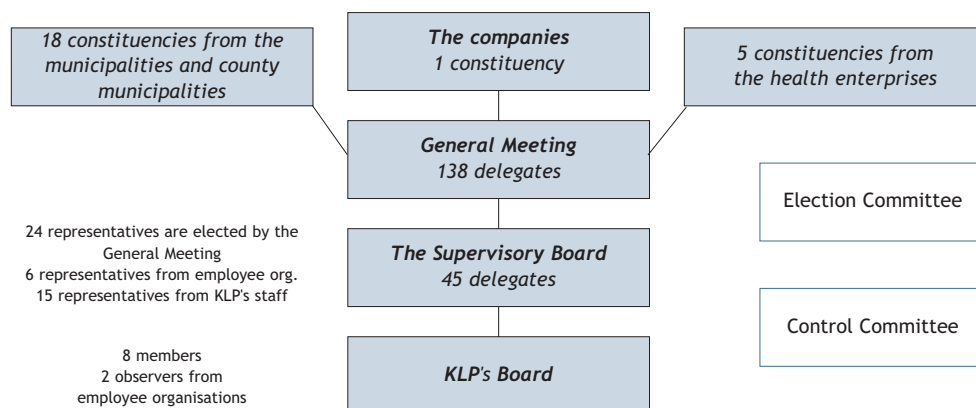


KLP FONDSFORVALTNING AS

KLP Fondsforvaltning AS offers a broad range of funds with various investment mandates and risk. The company has funds that are suitable for the investments of institutions, companies and private customers. The company manages 12 funds, 5 fixed interest unit trusts, 3 actively managed equity-based unit trust funds and 4 index-linked unit trust funds. The entire securities management satisfies KLP's minimum ethical demands. KLP Fondsforvaltning is responsible for the marketing activity within KLP's asset management environment.

Market position

At the end of 2004, KLP Fondsforvaltning's equity-based unit trust funds and fixed-interest funds had total assets of NOK 6.3 b, as against NOK 1.8 b the year before. This resulted in the company's market share (of Norwegian registered funds) increasing from 1.2 per cent to about 3.6 per cent. During 2004, a total of some NOK 4.1 b was subscribed to the index-linked unit trust funds. Competition in this type of portfolio comes mainly from foreign players.



KLP'S GOVERNANCE STRUCTURE

KLP is a mutual company owned by the customers. The company's customer base comprises municipalities, county municipalities, health enterprises and independent businesses linked to the public sector. KLP's ambition is to create constructive harmony between the company's owners, management bodies and other interested parties.

THE KLP GOVERNANCE SYSTEM

The KLP governance system should ensure that there is coherence between the aims and the actual actions of the Group. It should support the overarching aim of creating value for the owners of the company in an economically good and socially responsible way.

Each year a strategy and planning process is carried out. In this process the Group Board provides high-level objectives for Group and portfolio strategy, financial targets and adjustment of internal framework conditions. These plans form the basis for the senior management's work to realise these aims for each business area.

Target and risk management as well as internal audit are part of the continuous planning process. Managers in the various operating areas are responsible for managing risk taking operations, uncovering areas of risk and initiating relevant countermeasures.

OWNERS' CONTROL AND CORPORATE MANAGEMENT

The national Norwegian recommendation for owners' control and corporate management ('corporate governance') was adopted in December 2004. The recommendation is relevant for KLP both as a company and as a major institutional investor in the Norwegian securities market.

The recommendation is primarily directed at companies whose shares are listed on the Norwegian Stock Exchange but the principles and guidelines recommended will also generally apply to other types of company with distributed ownership. To a very great extent KLP fulfils the adopted recommendation.

THE GOVERNING BODIES:

GENERAL MEETING

The company's highest authority is the General Meeting, which comprises elected representatives of the company's owners. The General Meeting for 2004/2005 comprises 138 delegates. These are elected by a total of 24 constituencies, of which 18 comprise the county municipalities and the municipalities in each county. Oslo forms part of the Akershus constituency. The five regional health enterprises each comprise a constituency. The independent businesses together form one constituency. Election meetings are held in each constituency to elect delegates to the General Meeting.

The General Meeting must approve the annual accounts, the annual report and the allocation of profits or provisions for losses. They must also elect the Control Committee and 24 of the Supervisory Board's 45 members, as well as set the remuneration of the Supervisory Board, Control Committee and Auditor.

The General Meeting must also dispose of other matters that by statute or articles of association are subject to its jurisdiction.

THE SUPERVISORY BOARD

The Supervisory Board comprises 45 members with deputies. The General Meeting elects 24 of these. 6 representatives are nominated by the employee organisations and are allocated between them on the basis of the number of members with pension insurance schemes in KLP. 15 representatives are elected from and by the staff of the KLP Group.

The Supervisory Board should meet at least twice a year. The Supervisory Board has the responsibilities of a Corporate Assembly in accordance with the provisions of the Public Limited Liability Companies Act. It is to supervise the Board of Directors and the Group Chief Executive Officer's management of the company.

The Supervisory Board elects five of the members of the Board of Directors. It is also to provide a statement to the General Meeting on the Board of Directors' proposed accounts and on the Board of Directors' proposed allocation of profits or coverage of loss.

THE ELECTION COMMITTEE

The KLP Supervisory Board elects an election committee of three members and a deputy member. This committee is elected for two years at a time and the members can only be re-elected twice. The members of the Board of Directors are not eligible for election. The Election Committee is to put forward proposals for election to:

- The members of the Supervisory Board who are elected by the General Meeting, as well as the Chair and Deputy Chair of the Supervisory Board.
- The members of the Board of Directors elected by the Supervisory Board members elected by the General Meeting, as well as the Chair and Deputy Chair of the Board of Directors
- The Control Committee

THE BOARD OF DIRECTORS

The KLP Board has 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 staff of KLP. One member is nominated by the employee organisation or negotiating alliance that has most

members in KLP. In addition two observers are nominated from the organisations that are second and third in regard to the number of members with pension insurance in KLP. The Group Chief Executive Officer is not a member of the Board of Directors.

INTERNAL AND EXTERNAL CONTROL BODIES

The Group's internal audit, which works to instructions set down by the Board of Directors, conducts operational audit and carries out assessments of the units' management and control systems. Internal audit's plan and annual report is made to the Board of Directors.

The Control Committee's activities are based on instructions given by the Supervisory Board and in accordance with the Insurance Activity Act. The Control Committee supervises the company's activities.

In addition to the company's internal control bodies the company is subject to the supervision of the Financial Supervisory Authority of Norway. The Financial Supervisory Authority checks that finance institutions are run responsibly and in accordance with legislation.

The KLP Group's external auditor is elected by the General Meeting. The accountancy company Deloitte undertakes statutory financial audit and provides an auditor's report.

INTERNAL MANAGEMENT AND CONTROL

The Board has laid down Board Directives and Instructions for the Group Chief Executive Officer. This directs the exercising of day-to-day management of KLP. KLP's Group Chief Executive Officer is the Chair of the Board of the most important subsidiaries in the Group (Skadeforsikring, Kapitalforvaltning, Eiendom). Otherwise these boards of the subsidiaries comprise senior KLP managers and external board members with special qualifications in regard to the particular company.

The Board of Directors has laid down ethical guidelines for employees and representatives in the Group. The Group Chief Executive Officer has laid down separate regulations for personal trading in securities. The regulations are of particular significance for KLP Kapitalforvaltning's employees as well as KLP staff with particular knowledge of the investment operation.

Transition to international accounting standards

International Financial Reporting Standards (IFRS) are international accounting and reporting standards that apply to listed companies from 01.01.05.

The reporting standard applies to the consolidated accounts. The Ministry of Finance has proposed that enterprises other than listed companies are permitted to use the standard in their consolidated accounts, and in the company accounts.

The Financial Supervisory Authority of Norway will not, however, allow the full IFRS standard in insurance company reporting. The Authority needs more time to analyse the effects of such a change in principles, particularly those linked to the financial adequacy of companies. At the same time, there is uncertainty about the final accounting regulations and legislation, and about the timing when these will be available. There are only slight differences between KLP's company accounts and consolidated accounts and the market pays very little attention to consolidated accounts. Consequently, KLP has decided to await developments in the introduction of the full IFRS standard for consolidated accounts.

KLP has put considerable work into identifying the challenges involved in implementing the current IFRS standards as they relate to the system and reporting.

In most areas, reporting and valuations in accordance with IFRS standards will show deviations from the current accounting rules but they will not be significant. In some individual areas, the outcome could be more significant.

A separate reporting standard for contracts of insurance, IFRS 4, phase 1, mainly provides instructions about what supplementary information must be

given in the financial reporting. When IFRS comes up with its final standards structure related to insurance contracts in phase 2, this could have relatively major accounting consequences. The earliest this will happen is from 2007 onwards.

Financial instruments. KLP's reporting comes close to IAS 39, which is the current standard in the field. A number of adjustments will have to be made on a more technical level with the booking of expenses instead of capitalising transaction expenses, as well as with exchange rates used in valuations, but these will not have material consequences on valuations, the reporting of accounts, or on the computation of yields.

Lending will have to be valued at amortised cost. The change in principle will mean very modest changes to the valuation of loans.

Property. Under IAS 40 investment properties may be booked at actual value with changes in the value via the profit and loss account. The current valuation and booking of properties under present rules will come largely within the standard.

The most important change is in the valuation of office premises that are used by the company itself. The opening value will not be changed but booking future changes in value will have to be entered directly against equity in accordance with IAS 16.

Pensions. In the transitional rules (IFRS 1), it is possible to enter estimate variances that were not previously booked against equity at the time of changeover. The Group expects to observe this transitional rule at the time IFRS is implemented. Its effect on the company's financial soundness will be negligible.

KLP'S ANNUAL REPORT FOR 2004

Kommunal Landspensjonskasse (KLP) had a good year in 2004. Financial strength, good returns on pension assets and determined customer work have contributed to maintaining the company's market position in service pensions. In 2004 new legislation came into effect for municipal service pensions. This ensures that KLP's principal product with a gender-neutral and age-neutral premium system can be continued. At the same time it means that KLP's competitors can offer a similar product. A revised transfer agreement that secures earned pension rights in public sector schemes was agreed towards the end of the year. Thus in future all life insurance companies in this market will compete on equal terms and have common framework conditions.

Our customers are demonstrating great confidence in KLP. Net removal of premium reserves has shown a downward trend for the last three years. At the start of 2005, 347 municipalities and county municipalities, about 2 500 companies and 31 health enterprises have a customer relationship with KLP.

KLP will go on developing good pension solutions through a continuing close dialogue with customers. In its further work KLP will place emphasis on financial factors such as competitive premiums, low costs and good returns on the pension funds.

The work on changing the company's equity capital model has taken longer than expected, largely because of a lack of clarity surrounding the company's general operating conditions. These have now been clarified and the Board's recommendation to convert KLP to a public limited company, with one dissenting vote, will be put to KLP's general meeting in 2005.

Profits

In 2004 KLP achieved profits before allocations of NOK 3 183 million (2 396 million). The value-adjusted profit was NOK 4 395 million (3 780 million) and NOK 1 212 million (1 384 million) was allocated to the securities reserve fund.

	2004	2003
Premiums excluding assets transferred in	13 648	12 578
Net movements in/out	-1 029	-1 282
Financial revenue	8 785	9 159
Claims paid excluding assets transferred out	- 5 462	-5 110
Technical reserves	- 10 470	-10 193
Reinsurance	- 608	-960
Operating expenses	- 469	- 412
Value-adjusted profit/loss	4 395	3 780
To (-)/from (+) securities reserve fund	- 1 212	- 1 384
Profits	3 183	2 396
To(-)/from(+) supplementary reserves	- 1 121	- 1 750
To(-) the customers' premium fund	- 1 919	- 469
Profit/loss for the year	143	177

The upswing in the financial markets in the first and fourth quarters contributed in particular to the good result. The company's asset allocation, emphasising stable and competitive returns over time, showed good results in the market in 2004. Book (brought to account) investment yield was 6.0 per cent (6.9 per cent) and value-adjusted investment yield was 6.9 per cent in 2004 (8.2 per cent).



Siri Austeng
Chair
Siri Austeng is
the county mayor
of Hedmark.



Borger A. Lenth
Deputy Chair
Lenth is an
attorney. He serves
on a number
of other boards
and committees.



Tove Stangnes
is Deputy Chair
of the trade
organisation,
Fagforbundet.



Herlof Nilssen is
Managing Director
of RHF Helse Vest,
a health enterprise.

Norwegian interest rates, both short-term and long-term, continued the fall from the previous year whilst medium-term rates climbed through the year. Interest rates are at an historic low both in Norway and the majority of countries it would be natural to use as comparators. The low interest rate level puts pressure on the company's financial revenue. Net financial revenue for the year amounted to NOK 8 785 million (9 159 million).

Premium revenue amounted to NOK 13 648 million (12 578 million). The level of premiums is affected by the collective pay and social insurance agreements. The increase in premium revenue resulted from the combined collective pay and social insurance agreements giving a higher requirement for increases of provisions and thus premium payments than the year before. Ordinary premiums were NOK 8 886 million (8 508 million) and the adjustment premium for the collective pay and social insurance agreements amounted to NOK 4 763 million (4 070 million).

Net transfers in/out of assets of NOK -1 029 million (-1 282 million) are linked to decisions to leave KLP reached in autumn 2003. In autumn 2004 decisions were reached to leave KLP with a total premium reserve of just over NOK 1 billion being transferred out. This will not be visible in the accounts until 2005.

Total claims paid in 2004 reached NOK 5 462 million (5 110 million). This represented an increase of almost 7 per cent compared to 2003.

Disability pensions and early retirement pensions represented NOK 1.6 and NOK 0.7 billion respectively of the total pension payouts. On average just under 120 000 KLP pensioners received about NOK 3 600 per month from the company in 2004. It was the growth in the old age pensions of about 12 per cent that was the driver behind this strong growth in payouts. The payouts for early pensions increased by over 2 per cent compared to the previous year.

The proportion of the relevant age groups that chose to go over to early retirement pensions went down sharply from the last part of 2000 and has remained at a low level in the subsequent years. In 2004 there was a trend towards a somewhat rising level again. Payouts to the early retirement scheme (Avtalefestet Pensjon, AFP - contractual pensions) 62-64 years, which represents almost half of the payouts for early retirement pensions, increased by 6 per cent. Payouts for disability pensions in 2004 increased by 2 per cent.

The company's reinsurance agreement charged NOK 608 million against profits for the year (960 million). KLP has cancelled the agreement as of the end of 2004.

KLP's Board considers the profit and loss account and the balance sheet for 2004 with notes as providing comprehensive

information on operations through the year and the financial position at the close 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 adjusted to the risk situation.

Financial strength and capital situation

KLP continued to grow through 2004 and total assets were NOK 142 billion (126) as at 31.12.04. This represents growth through the year of 12 per cent (12.2 per cent). The strong growth is in part the effect of the collective pay settlement and the Storting's (the Norwegian Parliament's) adjustment upwards of the basic amount. The pension increases led to increased pension liabilities for the company's customers and consequently increased insurance funds in KLP. This is reinforced by the fact that the composition of the insured group is such that accumulation of new rights far outweighs the current pension payouts.

The regulations for insurance companies require the company's subordinated capital to be no less than 8 per cent of the risk-weighted capital. This is a product of assets and off-balance sheet items being distributed into various risk categories and being measured in relation to the company's net subordinated capital. Capital adequacy fell from 16.2 per cent at the start of the year to 14.0 per cent at the end of the year. The reduction is mainly because of an increased balance sheet and an increased proportion of shares. Shares weigh more heavily in risk-weighted capital than interest-earning deposits.

The company currently has satisfactory capital adequacy. However the strong growth in capital assets and liabilities means that over time the company must increase its primary capital correspondingly. It is therefore important that the company has access to capital on competitive terms. The considerations surrounding KLP's future equity capital model are aimed to secure a capital structure that maintains or improves the company's competitive power.

In 2004 KLP took up a perpetual subordinated loan and repaid a term subordinated loan. The perpetual subordinated loan has been approved by the Financial Supervisory Authority of Norway as core capital. The loan has strengthened the company's financial strength, solvency ratio and core capital adequacy. The company's solvency ratio increased through the year from 158 per cent to 175 per cent at the end of the year. The improvement in financial strength is due not only to the refinancing but also to the members having made equity capital contributions of NOK 417 million during 2004. About the equivalent amount has been passed to the customer as cash premium deductions during 2004.



Anne-Britt Norø
is Project Manager
of Team Bodo.



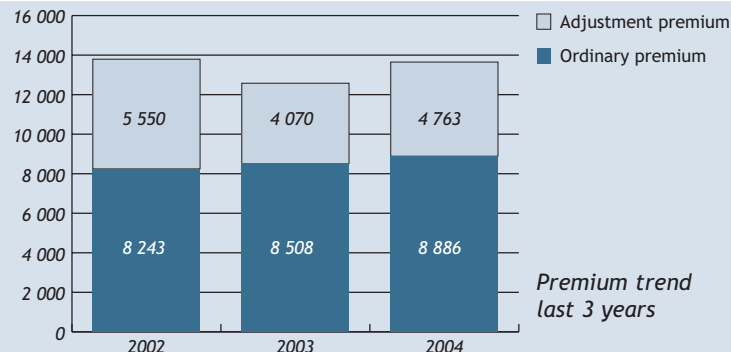
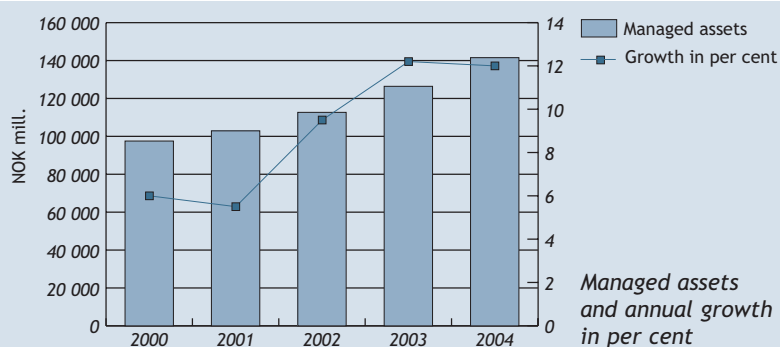
Ole Hetland
is Chief Officer
of the Municipality
of Stavanger.



Steinar Fugleavaag
is Municipal
Consultant at KLP
and represents the
KLP staff.



Rune Brakstad
is Senior Consultant
at KLP and
represents the
KLP staff.



KLP's solvency capital totalled NOK 13 289 million (10 463 million). The solvency capital is made up of the company's subordinated capital (equity capital and subordinated loans), supplementary reserves, securities reserve fund and contingency reserve. At the end of the year the company had a Standard & Poor's credit rating of A- with stable prospects. The Board considers the company's capital position as satisfactory in relation to risk profile and rating at the year-end. The Board attaches great importance to maintaining the company's rating at this level.

The pensions market and customer relationships

In the course of the year considerable resources were put into work on product and system development to improve the efficiency of the work processes and continue strengthening customer relationships. Importance was attached to the fact that different customers have different needs for which KLP is expected to cater in a flexible and efficient manner.

Greater choice in regard to scope of coverage of pension insurance was the driver in the work on developing new products. This is partly in the context of changes in legislation on service pensions but is also a result of a close dialogue with the company's customer groups. It is anticipated that increased choice will be important both in regard to existing customers and potential new customers.

One of KLP's most important projects for rationalising the operation is the setting up of an electronic application procedure for pensions. KLP will provide continuous electronic processing status to the customer and increasingly carry out pension calculation automatically. Implementation of the project has been successful and KLP now receives about 10 per cent of applications electronically.

The company's conversion to a new insurance system met customers' expectations of greater flexibility and efficiency. The conversion of data was carried out in July. Because of the training and adaptation of the work processes the conversion involved somewhat reduced timeliness in processing individual matters. This improved towards the end of the year and is likely to be further improved in the future.

There has been a high level of customer-focused activity through 2004. KLP is placing emphasis on helping customers to gain good understanding of questions associated with pensions. This has been done through a series of large and small conferences and customer events through the year. Never-

theless it is the continuing dialogue between customer and customer consultant that is fundamental to the company's good customer relationships.

In the group life market KLP increased its market share by about 9 per cent over the year and has around 12 000 more people insured than at the start of the year.

Risk situation

For KLP taking risks is an entirely natural part of the company's activity. Good control and management of risk is a prerequisite for wealth creation and profitability. Risk exposure is primarily linked to insurance-related, financial and operational risk.

INSURANCE-RELATED RISK

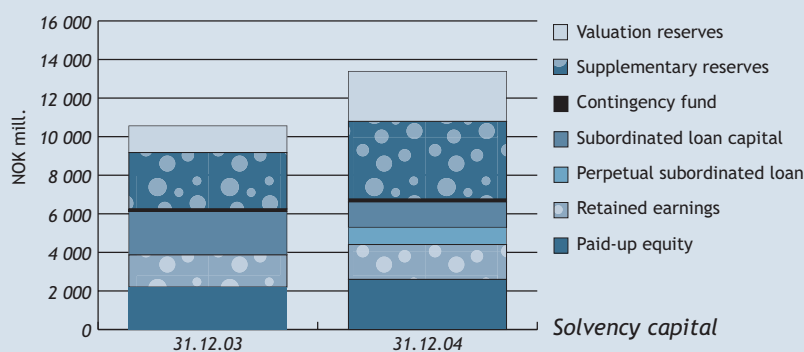
The insurance-related risks are mainly linked to the developments in the frequency of disability and longevity. KLP no longer has any form of risk linked to pensioning in accordance with the AFP (contractual early retirement) rules and the 85 year rule.

In group pensions it is the long term nature of the liabilities that constitutes the greatest challenge. The reserves, which are based on historic actuarial experience, should cover payout of pensions far into the future. Even though the dispositions made are satisfactory based on historic experience, changes in factors such as average longevity could mean that the number of pensioner-years increases over today's numbers. From the beginning of the 1990s the number of invalidity pensioners increased sharply. This produced a marked change in the risk picture that could hardly have been foreseen on the basis of historic experience.

In recent years the average age of disability pensioning has been relatively stable at 50 -51 years in the health and municipal sector but the flow of new disability pensioners has continued to grow. Also the average age for taking out old age and AFP pensions is relatively stable.

On the day that a member of the pension scheme reaches normal retirement age only three out of ten members come from paid work. The remainder will either be disability pensioners (four out of ten) or have taken early retirement.

The introduction of time-limited disability benefit under the National Insurance Scheme from 1 January 2004 considerably slowed the growth in service pensions' disability costs. One year is however too short a time to assess what savings this may provide. These reforms in the National Insurance Scheme



have brought about a relatively sharp reduction in the expected growth of disability costs in the service pension schemes to the extent that further strengthening of the disability tariffs is not under discussion at present.

FINANCIAL RISK

The developments in the company's liabilities in regard to value changes in financial investments represent a key risk for KLP. In pensions insurance the liabilities are very long-term whilst the return from assets cannot be assured correspondingly far into the future. Moreover, pension assets in Norway are to have a guaranteed minimum return regardless of the return the actual management of the assets provides. The risk may therefore be seen as a risk of the company not achieving a return in the future that covers the guaranteed interest. A very low interest rate level emphasises the issue.

The company's investment risk is determined by the strategic asset allocation. The investment strategy is determined on the basis of the company's liabilities and ability to bear risk. This should be exploited so that KLP secures a predictable and competitive return. In recent years the company has had a financial rule of action. This means that the company matches the risk to the ability to bear risk at all times. In 2004 KLP exploited the increased ability to bear risk that was created by revenue from interest-bearing deposits to increase the proportion of shares. The increase in the proportion of shares has in part occurred ahead of periods of strongly increasing share prices.

Today the risk-free investment choices alone do not provide good enough yields to simultaneously cover the guaranteed interest, build buffer capital and provide a competitive return. KLP must take risks to achieve a return in excess of the risk-free alternative. In this context risk means placing assets in higher risk holdings from which the return is expected to be higher. Therefore the company's resilience to loss, i.e. the amount of buffer capital, is decisive for the composition of the balance sheet and the profits that can be achieved. The buffer capital comprises the securities reserve fund, supplementary reserves and core capital in excess of the legal requirement.

Total buffer capital has increased by NOK 2 920 million over the year and totalled NOK 8 378 million as at 31.12.04 (5 458 million as at 01.01.04). Measured as a percentage of the customer fund, the buffer capital amounted to 6.4 per cent (4.6 per cent). In addition KLP had additional value in the portfolio of bonds to be held to maturity of NOK 5 187 million (3 881 million). The building up of buffer capital improves the company's freedom of action in how assets can be placed.

At the end of February 2005 the total solvency capital had increased by about NOK 570 million compared to the start of the year.

KLP hedges a minimum of 80 per cent of the company's foreign investments against exchange rate risk.

OPERATIONAL RISK

The company's operational risk is associated with the risk of loss as a result of inadequacy or failure in the company's internal work processes and systems as well as human error. The movement towards increased reliance on complex ICT systems (Information and Communication Technology) means that the use, operation and outsourcing of such systems have become a risk factor with increased significance for KLP.

To identify, monitor and continuously take the steps necessary to reduce the risk of loss is a daily management responsibility at all levels of the organisation. Annual documentation and confirmation is carried out on the company's internal audit measures. The documentation is put to the Board together with a risk analysis and improvement measures.

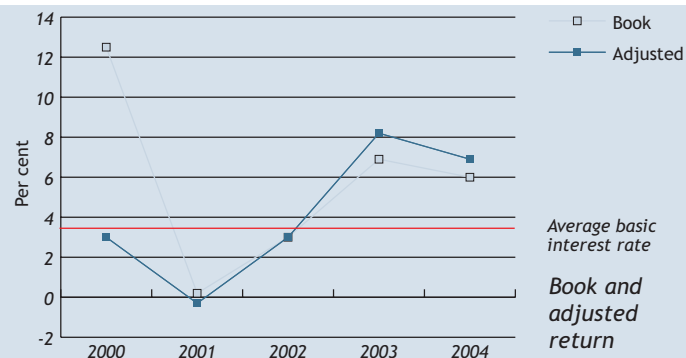
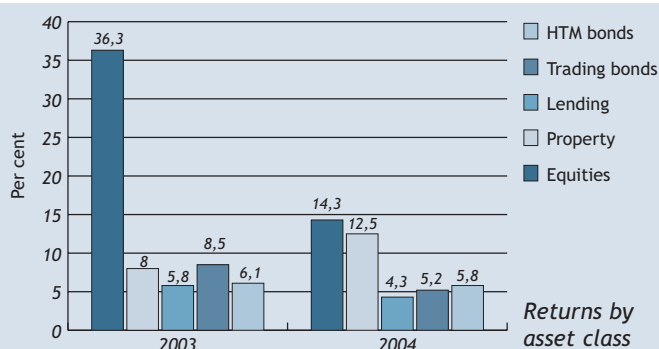
Balance sheet composition

KLP's investment strategy emphasises predictability, security of return above a given level and continued effort to build up the company's buffer capital. The strategy provides an investment profile that, with a high degree of certainty, will strengthen the company's chance of being able to provide its pension customers with a good return over time.

KLP's portfolio of short-dated bonds and money market instruments totalled 22.3 per cent (15.8 per cent) of financial assets. The portfolio has in the main been managed in-house and placed in government securities or securities with an A rating or better. In the last quarter an external mandate was given for management of credit bonds with a BBB rating or better. Over time these bonds may be expected to provide a somewhat higher return than government bonds.

Placements in short-term shareholdings corresponded to 13.2 per cent (8.5 per cent) of financial assets. Just less than 10 per cent of the portfolio was invested in Norwegian shares. The increase in the proportion of shares during 2004 occurred primarily in the first and the last quarters of the year. Total exposure to the equities market including share derivatives was 16.2 per cent (10.5 per cent).

KLP manages the majority of the company's equities portfolios as index tracking portfolios. In addition about half of the



company's foreign fixed interest portfolios are managed as index tracking portfolios. In these portfolios KLP is mainly exposed to market risk and the return corresponds approximately with the index return.

KLP's lendings portfolio totalled NOK 16.3 billion (17.6 billion). About half of the total is at fixed interest rates. The portfolio is characterised by very low levels of default. Loans in default - i.e. loans for which interest and repayments have not been paid within ninety days of due date - were NOK 26 million at the end of the year, corresponding to 0.16 per cent of the total lendings.

KLP's property portfolio totalled NOK 11 billion (10 billion). During the year, NOK 520 million was invested in two office properties and a hotel in the Oslo area. Over the year properties in Trondheim and Oslo were sold for just over NOK 200 million with a total book gain of NOK 35 million.

Held-to-maturity bonds have been reduced to 38.6 per cent (49.0 per cent) of financial assets over the year due to a large proportion maturing and growth in the balance sheet. Average weighted time to maturity in the portfolio increased from 5.2 years to 5.8 years in the course of 2004. The portfolio does not swing with the interest rate level other than on reinvestment or introduction of new assets.

Return on capital and operating expenses

Book (brought to account) returns were 6.0 per cent in 2004 (6.9 per cent) and adjusted investment returns were 6.9 per cent in 2004 (8.2 per cent). Including value changes on the hold-to-maturity portfolio the return on investments was 7.7 per cent (10.7 per cent).

The good return in 2004 comes primarily from interest-bearing investments including the held-to-maturity portfolio. The interest-bearing investments, which had an average share of the investments of 69 per cent over the year, contributed a 56 per cent share of the adjusted return. The equity investments had an average share of 10 per cent and contributed 23 per cent of the adjusted return of 6.9 per cent.

The size and return on the class of asset determines the contribution to the total return. In 2004 shares and property provided the best returns among the asset classes. Nevertheless it is held-to-maturity bonds that contributed the most to the total return with 39 per cent of the return of 6.9 per cent.

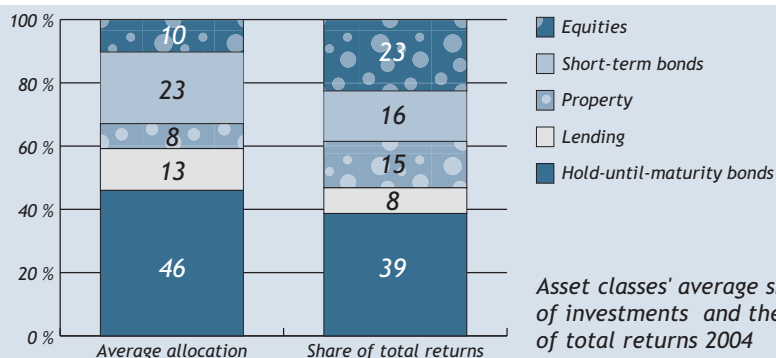
2004 was a year of good returns in both the equity and the fixed interest markets in Norway. The fall in parts of the Norwegian interest curve has provided an important contribution to the annual return on the Norwegian short-dated bonds at the same time as the main index for shares on the Oslo Stock Market climbed by about 38 per cent. Internationally the benchmark stock markets climbed less than they did in Norway but nevertheless there was a general upswing in all important markets. Key stock market indices in the USA, Europe and Japan rose between 3 and 9 per cent in 2004. Over the year international government ten-year interest rates fell in the majority of key markets except Japan.

In total the company's portfolio of short-term shareholdings produced a return for the year of 14.3 per cent. The Norwegian equity portfolio produced a return of 37 per cent. KLP's portfolio of short-dated bonds and money market instruments produced a return of 5.2 per cent.

The portfolio of bonds to be held until maturity produced a return of 5.8 per cent in 2004, somewhat lower than the previous year because reinvestments and the injection of new

	31.12.04		31.12.03	
	NOK mill.	Share	NOK mill.	Share
Short-dated bonds/certificates	30 419	22,3	19 159	15,8
Bonds-held-to-matur.	52 766	38,6	59 524	49,0
Loans	16 324	12,0	17 594	14,5
Shares (*)	18 036	13,2	10 281	8,5
Property	10 951	8,0	10 021	8,2
Other financial assets	8 081	5,9	4 900	4,0
Financial assets	136 577	100,0	121 479	100,0
Other assets	4 946		4 929	
Total assets	141 524		126 408	
* Shares inc derivatives		16,2		10,5

Asset
composition



assets were done at a lower interest rate level. The current return at the end of the year was 5.5 per cent.

KLP's lendings portfolio produced a return of 4.3 per cent. The proportion of fixed rate lendings contributed to holding the return higher in 2004 than the company's variable lending rates over the year would indicate.

The property portfolio has produced a return of 12.5 per cent in 2004 including value adjustment. The value of the company's property holdings was adjusted upwards by NOK 490 million at the end of 2004. The low interest rate level has meant a lowering of the discounting rate in the valuation of the properties.

OPERATING EXPENSES AND MANAGEMENT PROFIT

KLP's administration costs as a percentage of average total assets were 0.35 per cent (0.34 per cent) in 2004. This means that KLP continues to have markedly lower operating expenses than other life companies. The management profit, which is the difference between estimated costs and actual costs was NOK 9.5 million in 2004.

Subsidiaries

KLP SKADEFORSIKRING AS

In 2004 KLP Skadeforsikring AS had a profit of NOK 24.6 million. The good result is mainly due to a very good claims result. In particular the number of major fire claims was modest. The risk in capital management is still low with 96 per cent of managed assets placed in bonds. The company nevertheless decided on a cautious exposure in the stock market and the equity proportion at the end of the year was 4 per cent. The company's contingency reserves were further strengthened during the period and amount to a satisfactory buffer against any winding up losses and unfavourable risk developments.

KLP Skadeforsikring had moderate premium increases in 2004. Costs accounted for 13.2 per cent of the premium for own account. The combined claim percentage for own account for all sectors was 75.3 per cent. The good result emerged as a result of a thorough assessment of risk over time. The combined ratio, which is claims and costs as a percentage of premiums for own account, was 88.5 per cent as against 96.7 per cent the previous year.

In both property insurance and workman's compensation products KLP Skadeforsikring has more than half of the municipalities as customers. In total the company has a customer relationship with about 370 municipalities.

KLP KAPITALFORVALTNING ASA AND KLP FONDSFORVALTNING AS

The subsidiaries KLP Kapitalforvaltning ASA and KLP Fondsforvaltning AS comprise KLP's asset management area. KLP Kapitalforvaltning ASA undertakes all asset management with associated functions linked to settlement, risk management, reporting, consultancy and IT.

As at the end of the year the asset management area managed NOK 109 billion. This is an increase of NOK 11.4 billion over 2003. The majority of the assets managed are managed on behalf of various operations in the KLP Group. As at the end of the year managed assets from other than the KLP Group totalled about NOK 1.7 billion, which is twice the amount at the end of 2003.

In 2004 the organisation of KLP Kapitalforvaltning was changed with a clearer separation between index tracking and active management. In the index tracking management area over the last two years there has been significant investment in building up competency, and developing and adapting systems. It was decided towards the end of the year to set up a securities fund in Ireland as a necessary framework for further developing the company's active management.

KLP Kapitalforvaltning ASA and KLP Fondsforvaltning achieved profits of NOK 37 million and NOK 2 million respectively in 2004.

KLP FORSIKRINGSSERVICE AS

KLP Forsikringsservice AS (previously KFS - Kommunal Forsikringsservice AS) mainly provides pension and specialist insurance assistance to municipalities with their own pension funds. Of 19 municipalities and county administrations that have their own pension funds or life companies, as well as 2 power companies that have their own pension funds, all except one have a fixed contract for consultancy services from KLP Forsikringsservice. During 2004 KLP Forsikringsservice maintained its unique position as the provider of services to pension funds in the municipal sector. In 2004 KLP Forsikringsservice AS achieved profits of NOK 0.4 million.

KLP EIENDOM AS

All of the activity of KLP Eiendom AS is associated with the development and management of the Group's property holdings. The company is one of Norway's largest property companies.

The property portfolio comprises office buildings, shopping centres, university college buildings, hotels, homes and sites that are leased out. The properties are in major Norwegian

cities and in Copenhagen. KLP's properties are characterised by high standards and good locations. The lease-out rate is 97 per cent and the properties are principally leased to sound tenants on long-term leases. The total rental income from the properties amounted to NOK 926 million in 2004.

Regulatory framework

KLP's framework conditions are in continual change. The company therefore works continuously on development and adaptation of its operation and its services.

On 1.1.2004 new insurance legislation for municipal service pensions came into effect. This legislation meant the end of previously granted exemptions. At the same time it gives all life insurance companies the opportunity to offer a product with harmonised (gender and age neutral) premiums. Other companies may therefore offer a corresponding product to that with which KLP has long experience. At the collective wage negotiations, this meant that the parties within the Norwegian Association of Local and Regional Authorities (Kommunenes Sentralforbund - KS) and the Norwegian Church's Employers' Organisation (Kirkens Arbeidsgiverorganisasjon - KA) reformulated their requirements for harmonisation groups and thus required all pension premiums to be harmonised. Thus full harmonisation of pension costs continues for a significant proportion of KLP's customers.

To follow up the rules of the collective wage agreement the parties to the agreement in the KS pay agreement area have established a separate Pensions Office. A key task for this office is checking that the companies' offerings conform to the provisions of the collective wage agreement. KLP welcomes such an initiative because we believe this will be able to contribute to more orderly competition for municipal pensions customers.

In December 2004 the Government published the 'stortingsmelding' (Report to the Storting - the Norwegian Parliament) 'Pensjonsreform - trygghet for pensjonene' ('Pension Reform - Safeguarding Our Pensions'). The Parliamentary Report is based on the Norwegian Pension Commission's report on 'Modernising the National Insurance Scheme'. Pensions policy has been a key issue throughout the year. Similarly to the Pension Commission, the Government considers that a reformed National Insurance Scheme must cover everyone, including public sector employees. It is too early to decide how significant a modernised National Insurance Scheme will influence KLP's operations. KLP will cooperate with the parties to the pay settlement to adapt the service pension to any new National Insurance Scheme models. The Government proposes that the final shape of the service pension scheme should be the subject of a report by a broadly based public panel after the Storting has dealt with the principles for the future National Insurance Scheme.

In October 2004 the Government decided to revise the Transfer Agreement so that all of the life companies are now on an equal footing in regard to the Agreement. After this the form of KLP's incorporation is of no significance to the customer's affiliation to the Agreement. All employers who are affiliated to the Transfer Agreement, aside from the statutory schemes, must participate in a common security scheme. The new security scheme replaces the security schemes that KLP and the municipal pension funds had included in their premium systems up until 1 January 2004.

The new Life Insurance Activity Act was debated and passed by the Storting in the fourth quarter of 2004. It lays down a sharper differentiation between the insured's assets and the company's assets, a clearer distribution of risk between customer and company, and clearer pricing of each product element and service. It is anticipated that the law will be implemented from 2006/2007. KLP is preparing system and product adaptation in accordance with these amendments to the law. All other things being equal, the law amendments will improve the company's revenue during low-interest periods.

In November 2004 the Banking Law Commission put forward a draft new set of regulations for pension funds. The Bill will incorporate the EU's Pension Funds Directive into Norwegian law and allows, inter alia, inter-municipal funds. If the Bill is passed it could strengthen the competition for service pensions.

KLP's social commitment

KLP's fundamental values create a natural start point for our social commitment. This is the way it has been throughout the company's history but the perspectives and activities have changed in line with social developments.

The assets we manage are to provide social and financial security for those insured. Through applying socially responsible investment criteria, contributing to processes for an inclusive working life and through support to humanitarian and social initiatives (locally, nationally and internationally) we want to make a contribution to a slightly better world.

SOCIAL RESPONSIBILITY IN THE INVESTMENT PROCESS

Our customers and those insured may be confident that our investment rules accord with international norms. Therefore the UN's conventions and standards form the basis of our socially responsible assessment criteria. These deal with human rights, child labour, employee rights, the environment, weapons manufacture and corruption. We have also adopted the Global Compact, an initiative by the UN Secretary General that encourages companies to respect fundamental principles in this area.

KLP's investment strategy means that companies that can be linked to systematic or gross breach of generally accepted environmental and human rights principles are excluded from our investment portfolio for 5 years. All companies being considered for exclusion are contacted and given the opportunity to comment on the matters on which the recommendation for exclusion is based. A company may be taken back into the portfolio before the five-year period is up if through the services of a third party it can demonstrate that the situation has been corrected or that the necessary steps have been taken to prevent a recurrence. At the end of 2004, 15 companies were excluded from KLP's investment portfolio.

The effect of the exclusions for 2004 has been estimated to be an increased return of 0.09 per cent. The exclusion in the food and distributive trades has made a positive contribution whilst the exclusion of the tobacco industry group as well as excluded companies in the energy and materials sector have had a negative impact.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)/INCLUSIVE WORKING LIFE (IWL)

As the market leader in municipal service pensions over many years, KLP has developed a unique fund of experience in HSE

that we want to share with our customers. Our role is to be a driver and disseminator of experience in preventive working environment measures for our customers. The principal objective is to contribute to reduced sickness absence and to an inclusive working environment. We see advantages for everyone in keeping employees in work longer: the employee, the employer and society as a whole.

Over the last year KLP has provided specialist and financial support to more than 60 projects covering over 30 000 employees. The support is given to projects where employers and employees have got together on various measures to improve the working environment and to reduce sickness absence and early retirement.

Many municipal enterprises have introduced HSE and IWL measures. Figures from the National Insurance Service show a drop in sickness absence in the municipal sector of 1.8 percentage points from the 3rd quarter 2003 to the 3rd quarter 2004. This shows that the work helps.

SUPPORT TO SOCIALLY USEFUL CAUSES

KLP's customers and owners are themselves important players in society and have an active role in assuring welfare and living conditions. Working through partners KLP wishes to support its customers in this work. We have therefore chosen Blue Cross Norway as a strategic partner and support the project 'Children in the Danger Zone' the aim of which is to protect children against problems caused by their carers' abuse of alcohol or drugs.

In addition we support a range of welfare initiatives. A good example of this is the Haydom Lutheran Hospital in Tanzania, which we have supported in cooperation with Sørlandet Hospital Health Enterprise.

ENVIRONMENT

For an office-based company like KLP the environmental impact amounts primarily to energy consumption and waste generation. KLP has collection systems and return schemes for paper, cardboard, fluorescent tubes, plastic waste, and toner cartridges. Returned office materials and consumables are put in order and used to the extent possible. For disposal this is treated as special waste.

Organisation

There were 480 staff in permanent posts at the end of 2004. Of these, 305 were associated with the parent company. Staff turnover is 4 per cent. The total sickness absence in 2004 was 4.9 per cent, against 4.7 per cent the previous year. Of this 1.5 per cent are short-term absences and 3.4 per cent long-term absence.

Since KLP adopted the Intention Agreement on a More Inclusive Working Life (the IWL Agreement) in 2001, sickness absence has remained stable. One area emphasised in the work on reducing sickness absence is the adaptation of the workplace for employees who have had a long sickness absence. During 2004 a range of initiatives and activities were implemented in accordance with defined goals for this work.

The structure of meetings between the management and staff representatives was changed in 2004 so that now decentralised quarterly meetings are held in addition to central cooperation committee meetings. Safety work is also dis-

cussed at these meetings. The new structure functions satisfactorily both for management and the staff representatives.

A GOOD WORKPLACE

KLP must attract, develop and retain highly qualified employees in order to be competitive. The company must therefore be perceived as an attractive employer by employees with the right competencies. Our personnel and pay policy balances between cost effectiveness, adaptation to the market, and flexibility. Changed external requirements demand adjustments to managers' and employees' work content and competencies in line with what we need to deliver to our customers at any time.

In 2004 we put a lot of effort into developing the organisation and competencies in KLP. A Group-wide process has been initiated to define a new manifesto for management. The manifesto is to be based on a set of agreed values with solid foundations in the company's history but also adapted to the requirements for KLP's organisation for the future.

EQUAL OPPORTUNITIES

KLP is committed to equality of status and equal opportunities. KLP has a female Chair of the Board of Directors. Three of a total of eight Board members are women. In the Group senior management, which comprises five people, there is one woman.

KLP has established an Equal Opportunities Committee. The committee's mandate is to contribute to all the employees of KLP being given the same opportunities for personal and professional development - regardless of gender - in terms of appointment, pay, training and promotion. To fulfil this, the committee is to prepare an equal opportunities policy with concrete goals for prioritised areas and an action plan to achieve these goals. KLP participated in a comprehensive charting of the factors that affect women's career choices in 2004. The study, which was carried out under the aegis of the Norwegian Financial Services Association, gave us a valuable foundation for the work that is now being started.

At the end of 2004 there was a total of 236 women in permanent posts employed with the company. This equates to about half of the total staff. Of these 17 are managers with line responsibility, equating to 28 per cent of all managers, distributed between 12 at the head of department or section level and 5 at the director level.

In recent years KLP has placed emphasis on internal mobility. In 2004 there were 38 people who changed post internally in the company, i.e. almost 8 per cent of the staff. The majority of reassignments can be considered to be promotions. About half of those who changed post internally in the company in 2004 are women. This should in turn indicate that the opportunities for advancement at KLP are distributed equally between the genders.

The company has carried out a calculation of the average pay of men and women in the groups of posts with the most employees. The overview shows that in more than half of these men and women have almost equal average pay. In categories of posts with larger inequalities in average pay a tendency is observed that this inequality goes in men's favour. The newly established Equal Opportunities Committee will chart the reasons for this tendency and implement measures if possible inequalities cannot be explained as natural in the circumstances and are thus unsatisfactory from an equal opportunities perspective.

Future prospects

Changes in Norwegian pension policy will establish guidelines for the development of new products and markets for providers of pension solutions.

It is expected that the Modernised National Insurance Scheme will be one of the main themes in the election campaign ahead of the autumn elections to the Storting. A changed National Insurance Scheme will probably lead to requirements for adjustments in service pension schemes as well. KLP will work with determination to offer good solutions in accordance with the changes demanded by new legislation.

A new Insurance Activity Act prepares the way for clear competition in the pension market. Thus the competition is swinging more towards those factors that represent real cost differences for the customers. This strengthens KLP's market position as a cost effective pensions provider.

The low level of interest rates is expected to dominate the finance markets in 2005. Implicit in today's bond prices is an expectation of rate rises through 2005 and the subsequent years, but from a low absolute level. The interest rate picture means that KLP will place significant emphasis on the work associated with composition of the investment portfolio. To create good returns further diversification and dynamic management of the portfolio will be essential.

KLP's considerable portfolio of hold-to-maturity bonds makes the balance sheet less sensitive to interest rate changes. The book value of this class of assets does not swing with interest rates and provides a stable continuous return well above the company's guaranteed rate of return and considerably higher than if these investments had been made today. This portfolio is important for two reasons. First and foremost the running return for the immediate years ahead provides a good foundation to create a surplus in KLP for the benefit of customers and owners. KLP's low guaranteed interest rate compared to the competitors' has been relatively more important while interest rates are as low as now. Secondly the portfolio means that KLP can take higher risk on the rest of its investments, a factor that may produce a higher return in total.

KLP has initiated processes that deal with the company's marketing strategy, financial value drivers and organisational development. The goal is to develop and adapt the company to the challenges and requirements of the future. These processes combined with the company's choice of future equity capital model prepare the way for a competitive, focused financial group with a continuing key role in service pensions in Norway.

Allocation of annual profits

Profit before supplementary provisions and transfer to the premium fund was NOK 3 183 million (2 396 million). The Board proposes that NOK 1 121 million be allocated to supplementary provisions (1 750 million) and NOK 1 919 million be allocated to the customers' premium fund (469 million).

It is proposed to transfer the annual surplus of NOK 143 million to the owners' equity fund (177 million). The Board proposes that the amount of NOK 623 million (469 million) be called in as equity capital contributions in 2005.

Oslo, 10 March 2005



Siri Austeng, Chair



Borger A. Lenth, Deputy Chair



Anne-Britt Norø



Ole Hetland



Herlof Nilssen




Tove Stangnes



Rune Brakstad



Bjørn Kristoffersen
Group Chief Executive Officer



Steinar Fuglevaag

PROFIT AND LOSS ACCOUNT

Notes	NOK thousands	2004	2003	2002
	TECHNICAL ACCOUNT			
	Gross premiums due	13 648 112	12 577 653	13 793 309
5	Transfer of premium reserves/supplementary reserves/valuation reserves from other insurance companies/pension funds	61 055	14 031	217 613
7	Ceded reinsurance premiums	-1 130 027	-1 169 585	-1 404 500
2	Premium income for own account	12 579 141	11 422 100	12 606 423
	Income from shares and holdings in companies in the same Group	63 338	18 761	2 647
	Income from receivables and securities issued by companies in the same Group	0	3 130	4 551
	Income from shares and holdings in associated companies	18 231	16 971	13 632
	Income from receivables and securities issued by associated companies	6 672	7 354	9 558
	Income from companies in the same Group and associated companies	88 241	46 216	30 388
	Income from buildings and real estate	813 142	822 766	784 463
	Income from financial assets other than buildings and real estate	5 615 086	5 777 298	4 722 128
	Income from other financial assets	6 428 228	6 600 064	5 506 590
	Value adjustment of buildings and other real estate	559 094	69 316	209 489
	Unrealised gains and reversal of unrealised losses on financial assets	603 398	1 846 570	0
	Reversal of write down of other financial assets	0	0	36 586
	Gains on realisation of financial assets	11 598 557	2 305 072	4 331 760
7	Reinsurance element	-727 745	-781 819	-294 411
	Income from financial assets	18 549 772	10 085 419	9 820 402
	Gross claims paid	-5 448 776	-5 122 233	-4 735 529
	Change in insurance provisions	-13 282	12 099	-20 730
5	Transfer of premium reserves/supplementary reserves/valuation reserves to other insurance companies/pension funds	-1 089 834	-1 295 869	-2 868 726
7	Reinsurance element	583 314	634 385	856 732
2	Claims for own account	-5 968 578	-5 771 618	-6 768 252
	To (from) premium reserves in insurance fund, gross	-10 464 569	-10 159 367	-9 171 798
7	Reinsurance element	738 283	782 502	785 445
	Guaranteed interest to premium fund	-14 604	-2 088	-2 389
	Supplementary reserves for the year	-1 120 960	-1 830 777	-51 430
	To (from) supplementary provisions in insurance fund in connection with transfers between insurance companies/pension funds	13 583	0	31
	To (from) contingency fund	-6 993	-13 955	3 877
	To (from) technical provisions	2 852	-18 664	433
2,3	Changes in technical provisions etc. for own account	-10 852 408	-11 242 349	-8 435 832
26	Sales expenses	-62 151	-52 433	-48 265
	Insurance related administration expenses including commissions for reinsurance received	-256 983	-241 181	-211 339
	Insurance-related operating expenses	-319 134	-293 614	-259 604
	Management costs related to buildings and other real estate	-1 155	-1 423	-1 290
	Management costs related to other financial assets	-148 788	-117 750	-123 771
	Interest costs related to financial assets	-103 610	-90 134	-103 449
	Other costs related to financial assets	-26 153	-23 777	-37 151
	Management costs related to financial assets, including interest costs	-279 706	-233 084	-265 661
	Value adjustment of buildings and other real estate	-68 736	-99 799	-35 236
	Unrealised losses and reversal of unrealised gains, on short term financial assets	0	0	-27 397
	Write downs of other financial assets	-13 628	-108 764	-750
	Losses on realisation of financial assets	-10 280 472	-1 384 789	-6 867 465
	Costs related to financial assets	-10 642 542	-1 826 436	-7 196 509
7	Other insurance-related costs	-72 239	-425 045	0
15	To (-)/from (+) securities adjustment fund	-1 211 651	-1 383 802	0
	Technical profit/loss	2 062 362	564 654	-233 373
	From supplementary provisions in insurance fund to cover interest deficit	0	81 178	233 373
	Transfer to premium fund in the insurance fund	-1 919 336	-468 831	0
	Allocations to policyholders	-1 919 336	-468 831	0
	TECHNICAL RESULT FOR LIFE INSURANCE	143 026	177 000	0
	NON-TECHNICAL ACCOUNT			
29	Tax expense	0	0	0
	ANNUAL PROFIT /LOSS	143 026	177 000	0
	TRANSFERS AND ALLOCATIONS			
	Transferred to other owners' equity	143 026	177 000	0
	Total allocations	143 026	177 000	0

BALANCE SHEET

Notes	NOK thousands	31.12.04	31.12.03	31.12.02
ASSETS				
	Activated IT systems	98 780	96 848	81 358
20	Intangible assets	98 780	96 848	81 358
17,18,19	Buildings and real estate	10 950 938	10 021 309	9 795 721
9	Shares and holdings in companies in the same Group	298 133	230 217	214 007
16	Receivables and securities issued by companies in the same Group	0	58 274	60 657
9	Shares and holdings in associated companies	188 521	174 041	164 770
16	Receivables and securities issued by associated companies	187 565	137 083	127 132
	Shares, holdings and receivables from companies in the same Group and associated companies	674 219	599 615	566 565
10	Shares and holdings	52 858	55 670	29 450
13	Bonds held to maturity	52 766 054	59 524 573	37 304 017
16	Mortgage loans	7 154 330	7 347 578	7 524 337
16	Other loans	8 981 873	10 051 402	9 986 198
	Financial fixed assets outside companies in the same Group and associated companies	68 955 115	76 979 222	54 844 002
11	Shares and holdings	18 035 849	10 281 190	4 775 203
12	Bonds and other fixed return securities	30 419 497	19 158 767	32 882 372
	Investments with credit institutions	6 755 636	3 616 952	4 206 216
14	Financial derivatives	786 244	821 863	312 011
	Short term financial assets	55 997 226	33 878 772	42 175 801
	Financial assets	136 577 498	121 478 918	107 382 089
	Receivables from policyholders	2 289 264	1 524 436	1 478 664
7	Receivables in connection with reinsurance business	0	565 000	1 500 000
	Short term receivables from companies in the same Group	7 875	22 026	98 269
	Short term receivables from associated companies	1 486	1 400	2 879
	Pension assets	0	1 168	0
	Other receivables	168 262	18 417	157 521
	Accounts receivable	2 466 887	2 132 446	3 237 334
	Tangible fixed assets except buildings and other real estate	11 377	12 125	12 583
	Cash, bank (including restricted deposits NOK 122 642)	139 557	418 208	271 045
	Other assets	150 934	430 333	283 628
	Accrued, not received rental income and interest etc.	2 229 675	2 269 613	1 681 973
	Prepaid costs and accrued income not received	2 229 675	2 269 613	1 681 973
	TOTAL ASSETS	141 523 774	126 408 158	112 666 381

BALANCE SHEET

Notes	NOK thousands	31.12.04	31.12.03	31.12.02
OWNERS' EQUITY AND LIABILITIES				
	Paid up equity	2 598 204	2 201 573	2 222 764
21	Paid-up equity	2 598 204	2 201 573	2 222 764
	Equity fund	1 809 417	1 666 391	1 489 391
21	Retained earnings	1 809 417	1 666 391	1 489 391
	Perpetual subordinated loan	674 904	0	0
22	Perpetual subordinated loan	674 904	0	0
	Perpetual subordinated loan capital	561 512	589 732	554 610
	Other subordinated loan capital	823 250	1 762 217	1 526 700
22	Subordinated loan capital	1 384 763	2 351 949	2 081 310
	Securities reserve fund	2 595 454	1 383 803	0
15	Securities reserve fund	2 595 454	1 383 803	0
	Premium reserve, gross	124 809 633	114 345 064	104 185 697
7	Reinsurance element	0	-9 544 409	-9 545 881
	Premium reserve for own account	124 809 633	104 800 655	94 639 817
	Supplementary reserves	4 031 103	2 923 725	1 174 126
	Premium fund	2 477 098	517 811	46 739
	Claims provisions for own account	98 995	85 712	97 812
	Other technical provisions	35 497	38 349	19 685
	Provisions in insurance fund on own account	131 452 325	108 366 253	95 978 178
	Contingency fund provisions	144 288	137 295	123 340
3	Provisions in insurance fund on own account	131 596 613	108 503 549	96 101 518
	Pension liabilities	39 692	35 226	39 408
27	Provisions for liabilities	39 692	35 226	39 408
	Premium deposit from reinsurance companies	0	9 544 409	9 545 881
7	Premium deposit from reinsurance companies	0	9 544 409	9 545 881
14	Financial derivatives placed as long term liabilities	308 487	0	0
	Liabilities to companies in the same Group	3 521	0	0
	Other liabilities	422 952	631 438	1 071 885
	Liabilities	734 959	631 438	1 071 885
	Other accrued costs and deferred income	89 768	89 819	114 224
	Other accrued costs and deferred income	89 768	89 819	114 224
	TOTAL OWNERS' EQUITY AND LIABILITIES	141 523 774	126 408 158	112 666 381
OFF BALANCE SHEET ITEMS				
31	Conditional liabilities	10 000	0	0

Oslo, 10. March 2005



Siri Austeng, Chair



Ole Hetland



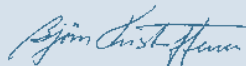
Rune Brakstad



Borger A. Lenth, Deputy Chair



Herlof Nilssen

Bjørn Kristoffersen
Group Chief Executive Officer

Anne-Britt Norø



Tove Stangnes



Steinar Fuglevaag


PROFIT AND LOSS ACCOUNT


Notes	NOK thousands	2004	2003	2002
TECHNICAL ACCOUNT FOR LIFE INSURANCE				
	Premium income for own account	12 579 141	11 422 100	12 606 423
	Income from financial assets	18 630 632	10 229 022	9 270 849
	Claims for own account	-5 968 578	-5 771 618	-6 768 252
	Changes in technical reserves etc. for own account	-10 852 408	-11 242 349	-8 435 832
	Insurance-related operating expenses	-318 536	-293 022	-258 830
	Costs related to financial assets	-10 783 376	-1 985 925	-6 649 502
	Other insurance-related costs	-72 239	-425 045	0
15	To (-)/from (+) securities adjustment fund	-1 211 651	-1 383 803	0
	Technical profit/loss	2 002 985	549 359	-235 145
	From supplementary reserves in the insurance fund to cover interest deficit	0	81 178	233 373
	Allocations to policyholders	-1 919 336	-468 831	0
	TECHNICAL RESULT FOR LIFE INSURANCE	83 650	161 705	-1 773
TECHNICAL ACCOUNT FOR NON-LIFE				
	Premium income for own account	559 289	538 293	449 127
	Allocated return on investment transferred from non-technical account	51 467	62 611	72 932
	Other insurance-related income	865	1 061	142
	Claim costs for own account	-421 887	-423 234	-389 477
	Insurance-related operating costs for own account	-74 592	-98 201	-77 421
	Technical result before contingency fund provisions	115 142	80 529	55 302
	Changes in contingency fund provisions etc. in non-life	-127 530	-98 148	-66 196
	TECHNICAL ACCOUNT FOR NON-LIFE	-12 388	-17 619	-10 894
NON-TECHNICAL ACCOUNT				
	Income from financial assets	107 189	109 809	97 844
	Costs related to financial assets	-17 070	-10 409	-7 794
	Allocated return on investment transferred to technical account	-51 467	-62 611	-72 932
	Other revenue	125 964	96 879	94 075
	Other costs	-92 853	-100 754	-98 526
	PROFIT ON ORDINARY ACTIVITIES	143 026	177 000	0
29	Tax expense	0	0	0
	PROFIT	143 026	177 000	0

BALANCE SHEET

Notes	NOK thousands	31.12.04	31.12.03	31.12.02
ASSETS				
	Goodwill	0	0	4 133
	Other intangible assets	103 213	101 956	83 797
20	Intangible assets	103 213	101 956	87 930
17,18,19	Buildings and other real estate	10 871 697	9 886 057	9 719 029
	Shares, holdings and other receivables in companies in the same Group and associated companies	383 236	375 343	349 965
10	Shares and holdings	55 387	59 396	38 672
13	Bonds held to maturity	53 654 284	60 279 818	38 049 200
	Mortgage loans	7 154 330	7 347 578	7 524 337
	Other loans	8 981 873	10 051 402	9 986 198
	Financial fixed assets outside companies in the same Group and associated companies	69 845 874	77 738 194	55 598 407
11	Shares and holdings	18 112 410	10 355 385	4 775 203
12	Bonds and other fixed return securities	31 396 837	19 872 752	33 456 416
	Investments with credit institutions	6 790 273	3 698 214	4 233 490
11,14	Financial derivatives	797 881	821 863	312 011
	Short term financial assets	57 097 401	34 748 214	42 777 119
	Financial assets	138 198 208	122 747 808	108 444 520
	Receivables in connection with direct business	2 272 253	1 539 155	1 499 733
	Receivables in connection with reinsurance business	35 409	587 578	1 545 645
	Short term receivables from companies in the same Group	0	363	1 372
	Short term receivables from associated companies	1 486	1 400	2 358
	Pension assets	1 067	3 160	2 915
	Other receivables	256 167	56 860	197 122
	Accounts receivable	2 566 383	2 188 516	3 249 146
	Tangible fixed assets except buildings and other real estate	23 322	23 926	22 981
	Cash, bank	265 872	640 814	494 082
	Other assets	289 195	664 740	517 063
	Accrued, not received rental income and interest etc.	2 258 689	2 295 988	1 703 373
	Prepaid costs and accrued income not received	2 258 689	2 295 988	1 703 373
	TOTAL ASSETS	143 415 688	127 999 008	114 002 032
OWNERS' EQUITY AND LIABILITIES				
21	Paid-up equity	2 598 205	2 201 573	2 222 765
21	Retained earnings	1 809 994	1 666 969	1 489 968
22	Perpetual subordinated loan	674 904	0	0
22	Subordinated loan capital	1 384 763	2 351 949	2 081 310
15	Securities adjustment fund	2 595 454	1 383 803	0
	Technical reserves for own account	133 307 207	109 920 080	97 242 787
	Provisions for liabilities	42 177	36 203	48 591
	Premium deposit from reinsurance companies	0	9 544 409	9 545 881
	Liabilities	898 352	796 882	1 243 526
	Accrued costs and deferred income	104 633	97 138	127 203
	TOTAL OWNERS' EQUITY AND LIABILITIES	143 415 688	127 999 008	114 002 032
OFF BALANCE SHEET ITEMS				
31	Conditional liabilities	10 000	0	0

Oslo, 10. March 2005


 Siri Austeng, Chair


 Borger A. Lenth, Deputy Chair


 Anne-Britt Norø



 Ole Hetland


 Herlof Nilssen


 Tove Stangnes


 Rune Brakstad


 Bjørn Kristoffersen
 Group Chief Executive Officer


 Steinar Fuglevaag

Kommunal Landspensjonskasse
CASH FLOW ANALYSIS

NOK thousands	2004	2003	2002
CASH FLOWS FROM OPERATIONS			
Direct insurance premiums received	12 214 074	11 744 451	13 373 274
Direct insurance claims and benefits paid	-4 622 790	-4 281 135	-4 014 977
Payments received on transfers	61 055	14 031	217 613
Payments made on transfers	-1 088 663	-1 294 233	-2 864 857
Payments to other suppliers for goods and services	-461 320	-292 036	-117 043
Payments to employees, pension schemes, employer's contributions etc.	-152 972	-142 318	-156 687
Interest paid	-94 407	-91 129	-103 176
Interest received	5 424 657	5 089 800	4 079 986
Dividends received	287 825	154 221	225 001
Payments of taxes and government charges	-2 794	-6 229	-1 905
Net receipts/payments from property activities	771 926	680 118	458 260
NET CASH FLOWS FROM OPERATIONS	12 336 591	11 575 541	11 095 489
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Advances of loans to customers etc.	-2 195 679	-3 799 387	-3 899 750
Receipts on loans to customers etc.	3 436 849	3 943 908	5 079 994
Receipts on the sale of shares	4 665 683	3 072 977	21 381 920
Payments on the purchase of shares	-10 464 398	-6 895 387	-15 098 542
Receipts on the sale of bonds and certificates	59 964 483	103 884 932	104 875 975
Payments on the purchase of bonds and certificates	-64 750 685	-112 229 915	-122 828 122
Receipts on the sale of property	60 950	56 116	64 155
Payments on the purchase of property	-461 698	-171 197	-93 314
Net receipts/payments on the purchase/sale of other short term securities	-3 316 552	767 080	-2 283 109
Payments on the purchase of fixed assets etc.	-33 760	-36 315	-19 920
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	-13 094 807	-11 407 188	-12 820 713
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from the uptake of new subordinated loan capital	983 550	0	727 000
Payments on the repayment of subordinated loan capital	-903 537	0	-433 950
Receipts of equity contributions	416 646	3 628	0
Payments on the repayment of equity contributions	-20 015	-24 819	-69 357
Receipts from Group contributions	6 524	0	561
Payments of Group contributions	-3 602	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES	479 566	-21 191	224 254
NET CHANGE IN CASH AND BANK DEPOSITS	-278 650	147 162	-1 500 970
HOLDING OF CASH AND BANK DEPOSITS AT THE START OF THE PERIOD	418 207	271 045	1 772 015
HOLDING OF CASH AND BANK DEPOSITS AT THE END OF THE PERIOD	139 557	418 207	271 045
RECONCILIATION			
Profit before tax	143 026	177 000	0
Change in trade accounts receivable	-92 880	89 513	-5 553
Change in trade accounts payable	-49 984	-151 179	161 358
Difference between book pension and receipts/payments in pension schemes	13 466 356	13 336 219	9 308 599
Items classified as investment or financing activity	-1 172 514	-1 211 426	2 354 174
Change in other accrual items	42 587	-664 586	-723 089
NET CASH FLOW FROM THE YEAR'S OPERATIONS	12 336 591	11 575 541	11 095 489

CASH FLOW ANALYSIS

NOK thousands	2004	2003	2002
CASH FLOWS FROM OPERATIONS			
Direct insurance premiums received	12 822 318	12 332 651	13 880 545
Reinsurance premiums paid	-51 918	-43 764	-53 221
Direct insurance claims and benefits paid	-4 915 268	-4 565 013	-4 280 586
Reinsurance settlements for insurance claims and benefits received	20 346	70 622	54 024
Payments received on transfers	61 055	14 031	217 613
Payments made on transfers	-1 088 663	-1 294 233	-2 864 856
Payments to other suppliers for goods and services	-470 951	-383 779	-147 172
Payments to employees, pension schemes, employer's contributions etc.	-263 408	-247 115	-251 912
Interest paid	-103 826	-95 855	-108 218
Interest received	5 533 548	5 203 762	4 158 134
Dividends received	287 825	154 221	225 001
Payments of taxes and public charges	-2 794	-6 229	-1 905
Net receipts/payments from property activities	798 962	834 279	774 965
NET CASH FLOWS FROM OPERATIONS	12 627 226	11 973 578	11 602 412
NET CASH FLOWS FROM INVESTMENT ACTIVITIES			
Advances of loans to customers etc.	-2 195 679	-3 799 387	-3 899 758
Receipts on loans to customers etc.	3 436 849	3 943 908	5 079 994
Receipts on the sale of shares	4 673 299	3 097 203	21 381 920
Payments on the purchase of shares	-10 468 648	-6 987 945	-14 978 542
Receipts on the sale of bonds and certificates	61 150 422	104 779 787	106 815 270
Payments on the purchase of bonds and certificates	-66 288 910	-113 337 369	-125 207 577
Receipts on the sale of property	205 867	165 090	257 284
Payments on the purchase of property	-686 303	-341 587	-435 491
Net receipts/payments on the purchase/sale of other short term securities	-3 271 950	713 090	-2 303 405
Payments for long term investments	0	-3 889	0
Receipts on the sale of fixed assets etc.	0	1 760	0
Payments on the purchase of fixed assets etc.	-33 760	-36 315	-21 665
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	-13 478 813	-11 805 654	-13 311 970
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from subordinated loan capital	983 550	0	727 000
Payments on the repayment of subordinated loan capital	-903 537	0	-433 950
Receipts on equity contributions	416 646	3 628	0
Payments on the repayment of equity contributions	-20 015	-24 819	-69 357
NET CASH FLOWS FROM FINANCING ACTIVITIES	476 644	-21 191	223 693
NET CHANGE IN CASH AND BANK DEPOSITS	-374 943	146 733	-1 485 865
HOLDING OF CASH AND BANK DEPOSITS AT THE START OF THE PERIOD	640 815	494 082	1 979 947
HOLDING OF CASH AND BANK DEPOSITS AT THE END OF THE PERIOD	265 872	640 815	494 082
RECONCILIATION			
Profit before tax	143 026	177 000	0
Change in trade debtors	-98 548	85 844	-3 414
Change in trade creditors	-30 209	-171 976	185 787
Difference between book pension and receipts/payments in pension schemes	13 468 436	13 330 204	9 312 674
Difference between book claims and receipts/payments in non-life insurance	273 214	314 395	242 195
Items classified as investment or financing activity	-1 177 147	-1 223 989	2 328 839
Change in other accrual items	48 454	-537 900	-463 669
NET CASH FLOW FROM THE YEAR'S OPERATIONS	12 627 226	11 973 578	11 602 412

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Kommunal Landspensjonskasse

Auditor's report for 2004

We have audited the annual financial statements of Kommunal Landspensjonskasse as of 31 December 2004, showing a result of NOK 143 026 000 after transfer to supplementary reserves and premium reserves for the parent company and a result of NOK 143 026 000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. 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 the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing standards in Norway. Generally accepted 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 generally accepted 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 are prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of 31 December 2004, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Norway
- the Company's management has fulfilled its duty to maintain the Company's accounting process in such a proper and well-arranged manner that the accounting process and the documentation is in accordance with the law and generally accepted accounting practices in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with the law and regulations.

Oslo, 10 March 2005
Deloitte



Terje Boasson
State Authorised Public Accountant (Norway)

Actuary's Statutory Declaration

With reference to the 2004 accounts submitted, this is to confirm that the provisions for insurance purposes have been made in compliance with the current computation base and are thus in accordance with the requirements of the Insurance Business Act and its accompanying regulations.

The recommended allocation to supplementary reserves and the appropriation of the profit/coverage of the loss for the year are also within the framework of the current rules.

Oslo, 10 March 2005



Roar Engen
Managing Actuary

The Control Committee's statement regarding the 2004 annual report and accounts

In accordance with §9 of the Instructions, the Control Committee has reviewed the annual report and accounts comprising the Board of Directors' report, the Profit and loss account, the Balance sheet, the Cash flow statement, the Notes to the accounts, and the Consolidated accounts, as well as the annual report, the Actuary's statutory declaration and the Auditors' report for Kommunal Landspensjonskasse.

The Control Committee recommends to the Supervisory Board and the AGM that the 2004 annual accounts and reports of the Company and Group be adopted in accordance with the Board of Directors' recommendation, so that NOK 1 120 960 433 be set aside as supplementary reserves, and that NOK 1 919 335 509 be transferred to the premium reserve, and that the profit for the year, NOK 143 026 000, be allocated to the equity reserve.

Oslo, 18. March 2005



Kjell Pettersen



Ole Øverland Paul M. Nilsen Anne Marie Barane Jan Runar Fagermoen

The Statements of the Supervisory Board

The Supervisory Board of Kommunal Landspensjonskasse has reviewed the Annual report and accounts comprising the Profit and loss account, Balance sheet, Cash flow statement, the Notes to the Accounts, and the Consolidated accounts, as well as the Board of Directors' report, the Actuary's statutory declaration, the Auditors' report, and the Control Committee's statement.

The Supervisory Board recommends that the Company's and the Group's annual reports and accounts for 2004 be adopted in accordance with the Board of Directors' recommendation, so that NOK 1 120 960 433 be set aside as supplementary reserves, and that NOK 1 919 335 509 be transferred to the premium reserve. The profit for the year, NOK 143 026 000 is to be allocated to the equity reserve.

Oslo, 30 March 2005



Gunn Marit Helgesen
Supervisory Board Chair





OUR SOCIAL RESPONSIBILITY - FOR DAYS TO COME

"Without the private sector, sustainable development will remain only a distant dream. We are not asking corporations to do something different from their normal business; we are asking them to do their normal business differently."

Kofi Annan, UN Secretary General

KLP is one of the country's largest life insurance companies and is an important player in the community. Our focus spans from global trends to the individual pensioner. Every month almost 130 000 pensioners receive their pensions from KLP. A further 390 000 people are or have been members of the pension scheme. In all, one in nine Norwegians has rights in KLP. KLP manages a total of over NOK 140 b on behalf of this group, placed in more than 1250 companies throughout the world. This brings responsibilities.

SOCIALLY RESPONSIBLE MANAGEMENT

Social responsibility in a company must be deeply rooted both in the owners and in the management. KLP has a clear mandate from our owners to take our social responsibilities seriously. This means that, in addition to the financial results that we deliver, we should also have an active and conscious attitude to how we treat people in and outside the organisation. We are committed to taking environmental challenges seriously, at both local and global level. We must be aware of the socio-economic effects that may accompany our actions. Active work is being carried out to develop management systems and organisational structures that can strengthen this work.

PEOPLE

Pensions are about the welfare of individual people. But the most important prerequisite for good welfare is physical and mental health. KLP has both social and business reasons for committing itself to the work to improve our customers' working environment. In 2004 KLP was engaged in 60 different work environment projects that affected a total of 30 000 public sector staff. We also award a separate working environment prize for the best work among our customers. For 2004, Mandal Municipality won the prize of NOK 100,000 for its "Presence Project". In 2004 KLP also established a partnership with the Blue Cross, where we supported the project "Children in the danger zone". This is a project that focuses on preventive work among children and young people in relation to alcohol and drug abuse.

ENVIRONMENT

As an office based company there is a limit to how much KLP affects the external environment. In 2004 a new recycling scheme started for plastic in addition to the existing schemes for cardboard and paper, electrical articles and computers. KLP also has a very high degree of re-use of office furniture. As a significant property manager we are also able to make environmentally conscious choices for our property portfolio. During 2004 KLP Eiendom concluded the process of replacing all PCB light tubes in our properties. We are also always working to develop better systems for sorting and processing waste. The majority of pavement heating systems have been replaced with other solutions. Another energy saving measure is monthly internal reading of energy meters to spot changes in usage at an early stage.

SOCIO-ECONOMIC WEALTH CREATION

KLP's investments provide the basis for wealth creation in many different companies and in a variety of countries the world over. Since 2001 KLP's portfolio has been subject to a set of ethical rules that ensure that we do not invest in companies with proven breaches of international rules and standards. This is not only about "keeping our own house clean" but just as much about sending signals to other players about what we reckon to be unacceptable behaviour. In 2004 KLP has been in dialogue with excluded companies that are interested in improving their operation. Even though KLP is a very small player by global standards, in this way we can contribute to increased attention and effort to create a slightly better world.

More about KLP's work on social responsibility can be found on www.klp.no.



MEMBERSHIP TRENDS AT KLP

KLP has a leading position in the municipal and health sector. The number of employees and pensioners with KLP was around 2.6 per cent higher at the end of 2004 than for the previous year. At the end of the year, 8 municipalities and 9 companies chose to leave KLP. In addition, one municipality transferred its reserves out of KLP as a result of a merger of municipalities. One municipality chose to come back to KLP from a competing life company. The total transfer was equivalent to 0.8 per cent of the premium reserve. KLP had 289,449 active members at the year-end.

The average age of those going on retirement/contractual (AFP) pension was 64.6 years, while in 2003 it was 64.5 years.

PENSIONERS

The number of pensioners continues to rise. In the last five years, the figure rose from 116,901 at the end of 2000 to 130 466 at the end of 2004. If one corrects for transfers and examines those who were actual KLP members in 2004, the number of retirement pensioners rose by 5.4 per cent while the number of disability pensioners rose by 2.0 per cent.

There was an increase of 8.4 per cent in the number of persons under 65 years receiving contractual pensions (AFP) while the number of AFP pensioners over 65 went down by 1.5 per cent.

Moreover, 107 671 persons have listed rights in their employer's contract as at 31.12.04.

DISABILITY TREND

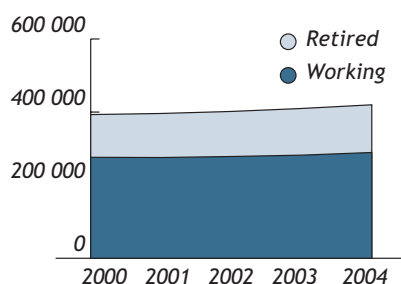
At the end of 2004, KLP had 47,181 pensioners on disability. The average age for new disability pensioners was 51.1 years in 2004 while it was 50.9 years in 2003. It is particularly in female-dominated jobs like cleaning assistants, assistants in health institutions and auxiliary nurses that high proportions of disability pensions are noticeable.

KLP membership - pensioners and working members

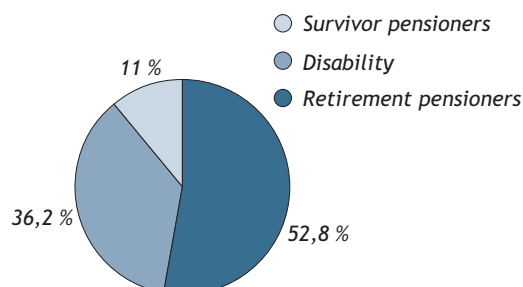
No. of pensioners by benefit	2000	2001	2002	2003	2004
Retirement pension	55 730	57 116	57 933	60 442	62 557
Spouse's pension	12 575	12 725	12 859	13 218	13 606
Child pension	1 334	1 382	1 369	1 363	754
Disability pension	40 859	43 185	45 285	46 873	47 181
AFP 62-64	3 708	3 241	2 839	2 791	2 976
AFP 65-66*	2 695	2 877	2 984	2 993	3 392
Total	116 901	120 526	123 269	127 680	130 466
No. of working members	276 232	275 643	278 441	282 142	289 449

* With effect from 2004, the figure for pensioners under the 85-year rule is included in the figure for AFP 65-66.

Numbers of pensioners and workers



Breakdown of pensioners



KLP SKADEFORSIKRING AS - NON-LIFE INSURANCE

KLP Skadeforsikring had a very good year in 2004. The company strengthened its contingency reserves still further and achieved a profit of NOK 24.6 m as against NOK 16.2 m the previous year. The company obtained a return on investments of 4.6 per cent in 2004.

KLP Skadeforsikring AS is a wholly owned subsidiary of the parent company Kommunal Landspensjonskasse. KLP Skadeforsikring mainly offers workman's compensation and property insurance for the municipal sector. Since its start in 1993, the company has built up a solid insurance portfolio and is now market leader in these segments to the municipal sector. At the end of 2004, the company had 65 permanent staff and a customer relationship with some 370 municipalities.

INSURANCE

The company observes a generally positive trend in claims expenses. There was a moderate increase in KLP Skadeforsikring's premiums in 2004. Expenses accounted for 13.2 per cent of premiums for own account. The overall loss ratio for own account for all classes of business was 75.3 per cent. The good profit position results from a thorough assessment of the risks over time, fewer fires in schools, and greater investment in loss prevention measures. Combined ratio, which is claims and expenses as a percentage of premiums for own account, was 88.5 per cent as against 96.7 per cent in the previous year.

ASSET MANAGEMENT

The company is making very good financial progress. After making appropriations from the profits, the company's equity stands at NOK 196.1 m. NOK 152.0 m of this represents share capital and NOK 44.1 m other equity accounts. For several years, the company has enjoyed substantial growth in its volume of business. Over a period of 5 years, total assets have increased by more than 125 per cent.

FUTURE PROSPECTS

It is worth noting for the company that asthma and allergies attributable to poor quality internal environments are beginning to manifest themselves in the claims figures. We have augmented claims provisions to meet this trend. Moreover, the judicial system has clarified that occupational injury (workmen's compensation) insurance covers municipal liability under collective agreements irrespective of whether the actual underlying circumstances are indemnifiable. This also affects the profit and loss account negatively.

In 2004 the company invested successfully in housing cooperatives and residents' associations, and will continue working to attract new customer groups. Prevention work will also be high up on the company's list of priorities.

Low rates of interest combined with the company's low risk strategy, represent a considerable challenge too. This means lower investment income than previously and means that sharper focus must be directed towards the company's core activity: to generate positive results between premiums and claims.





KLP'S FUND AND ASSET MANAGEMENT

KLP Kapitalforvaltning and KLP Fondsforvaltning offer a broad spectrum of investment and asset management services to the public sector and related businesses. In total, the two companies manage about NOK 110 billion for the holding company and other customers.

The companies' overall objective is to produce a competitive return in relation to risk parameters that have been defined in advance. In its investment process, KLP works systematically with minimum ethical requirements that are based on international norms that, among other things, take human rights, workers' rights and the environment into account.

KLP Kapitalforvaltning and KLP Fondsforvaltning are closely integrated with their responsibilities and assignments being clearly defined. The asset management company is in charge of all management and associated functions relating to settlement, risk management, reporting, consultancy and IT. The fund management company (KLP Fondsforvaltning) is responsible for activities in the market. Cooperation between the companies is regulated by contract.

In recent years, substantial expertise and experience with index tracking have been built up within the companies. In order to manage portfolios appropriately in this field, investments have been made in systems, and also in the training, development and suitable modification of these. The results of this investment have contributed to the strong growth in the total assets put under management by customers other than KLP.

The market for capital management is expanding and KLP Kapitalforvaltning and KLP Fondsforvaltning are well placed to participate in this expansion. The companies will continue to develop new capital management solutions.

KLP KAPITALFORVALTNING ASA

KLP Kapitalforvaltning is one of the largest asset management companies in Norway. The company offers management of Norwegian and foreign equities and fixed interest instruments. The company also undertakes fund management at the request of KLP Fondsforvaltning.

KLP FONDSFORVALTNING AS

The company manages 12 funds, 5 fixed interest unit trust funds, 3 actively managed equity-based unit trusts, and 4 index-linked equity-based funds at the end of 2004, KLP Fondsforvaltning's equity and interest-based units trusts of NOK 6.3 b, which represents an increase of some 4.5 per cent during the course of the year.



KLP EIENDOM AS

KLP Eiendom AS manages all of KLP's real estate interests regardless of whether they are owned directly by Kommunal Landspensjonskasse or through subsidiaries. As at 31.12.2004 the property holding has a total value of NOK 10.9 billion. The total built area amounts to 756 957 m² and in addition there are about 400 000 m² leased out to various leaseholders.

KLP Eiendom manages a varied property portfolio. 52 per cent of the portfolio comprises office or public buildings and the remainder is divided between shopping centres (13 per cent), hotels (15 per cent), educational buildings (12 per cent), homes (4 per cent) and leasehold sites (4 per cent). About 1/3 of KLP Eiendom's rental income is based on leases to government or other public enterprises. The rest of the tenant base is dominated by large and financially sound enterprises

THE PROPERTY MARKET

It was a difficult leasing market for offices again in 2004. The vacancy rate was at around 8 - 12 per cent in these markets. The surplus of office premises led to pressure on rental prices. There was greater activity in the office market in 2004 than in 2003 and there is much to indicate that rentals are bottoming out. In regard to rental prices and interest in shopping centre premises we see the market as reasonably good.

RESULTS

KLP Eiendom had a value-adjusted result in 2004 corresponding to a yield on property value of 12.5 per cent. If the difficult property market is taken into account, the result is very satisfactory. The good result is thanks to the company having succeeded in maintaining a high level of leasing, of long leases having kept average rentals up at a high level and of more than 50 per cent of the company's revenues coming from other than office buildings.

The persistently low interest rate level and the resultant low yield requirements for property investments have been accompanied by value increase on our property holdings. In 2004 KLP Eiendom had leasing revenues of NOK 926 million, which is an increase of about NOK 21 million over the previous year. The weighted remaining term on leases for the whole business is 7.6 years.

THE BUSINESS

KLP Eiendom AS has operations in Oslo, Bærum, Asker, Stavanger, Trondheim and Copenhagen. In Copenhagen the company completed an office building at Ørestad of 30 000 m² in 2004. Despite the difficult market the company has been successful in leasing out 50 per cent of the building and the prospects of leasing out the rest of the building now seem good.

In Oslo and Trondheim the company has utilised the good investment market to dispose of properties that do not fit in the portfolio. This has been done at good prices. Investments during 2004 amounted to NOK 667 million, mainly through the purchase of Brynsengveien 10 and Brynsalléen 2 in Oslo, Fornebu Park Hotel in Bærum and investments in Ørestad in Copenhagen.

With a relatively small proportion of offices and long weighted remaining term on leases, KLP Eiendom is better equipped than many of its competitors to meet the challenges ahead in the property leasing market.

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NOTE 1 Accounting principles

The annual accounts have been prepared in accordance with the "Regulation on annual accounts etc. for insurance companies" issued by the Ministry of Finance on 16 December 1998, the Norwegian Accounting Act (Act No. 56 of 17 July 1998) and generally accepted accounting principles.

GENERAL COMMENTS

Unless otherwise indicated, the notes relate to the accounts of the life insurance company.

INTANGIBLE ASSETS

It is capitalised IT systems that make up the intangible assets. By further developing IT systems both external and internal costs are capitalised. System changes that are regarded as maintenance are taken to expense as they occur. When an IT system is completed, capitalised costs are amortised on a straight-line basis over its lifetime. When capitalisations are made at a later date because of further development, these are written off over the originally stipulated lifetime unless the extra money spent on them increase the system's total expected lifetime.

FINANCIAL ASSETS

Financial assets intended for permanent ownership or use are classified as long-term financial assets. Other financial assets are classified as short-term financial assets.

LONG-TERM FINANCIAL ASSETS

Property investments

KLP's property investments consist of directly owned properties and properties organised in the form of subsidiaries. For strategic purposes the property subsidiaries are assessed as property investments in the same way as the directly-owned properties. The property subsidiaries are therefore shown as property in the accounts.

The property investments are valued at their actual value, calculated in accordance with the Financial Supervisory Authority of Norway's guidelines. A more detailed description of how the actual value is calculated for each individual proper appears in Note 17. All the properties are valued annually, and the value adjustment is shown gross in the profit and loss account. Estates under development are value adjusted for the first time when they are completed.

Value adjustment related to directly owned property is carried out both for accounting and tax purposes. The value adjustment of property in property subsidiaries is only done if it has an effect on the accounts, so that the value adjustment of these leads to a temporary difference between values for accounting purposes and values for tax purposes. The temporary difference is reversed when the property to which the value adjustment is related is for sale.

Accounting gains/losses on sales of property are calculated on the basis of the book value at the time of sale, and are shown gross in the accounts. Gains/losses from directly owned properties are shown gross in the profit and loss account, whereas the result from property investments in subsidiaries are shown net in accordance with the equity method under "Income from buildings and other real estate".

As buildings and real estate are valued at their actual value, they are not depreciated for accounting purposes.

Shares and holdings in Group companies/associated companies

KLP's investments in companies of a long-term and strategic nature, where the shareholding is between 20% and 100%, are classified as subsidiaries (shareholding between 50% and 100%) or associated companies (shareholding between 20% and 50% and substantial influence). The shareholdings are treated according to the equity method in the company accounts. This means that KLP's share of the annual profit/loss is included in the profit and loss account, while the shareholdings are booked on the balance sheet at their cost price plus shares in profits/losses taken to income less any amortisation of goodwill and dividends/group contributions received.

Shares (long-term investments)

Long-term investments in shares that are not subsidiaries or affiliated companies, are valued at the lower of the acquisition cost and the estimated actual value. Writedowns are made if a fall in value is not due to reasons deemed to be of a temporary or insignificant nature. The valuation is made on an individual basis.

Bonds held to maturity

Bonds held to maturity are valued at their amortised acquisition cost. Premiums/discounts at the time of purchase are accrued over the bonds' remaining period to maturity or up to the first interest rate adjustment date. The accrual is calculated according to the present value method based on the Annual Percentage Rate (APR) effective interest rate at the time of purchase of the bond. The premium/discount is shown in the profit and loss account together with coupon interest under "Income from other financial assets".

Bonds held to maturity are written down if changes in the creditworthiness of the issuer so dictate.

Mortgage loans and debt instrument loans

Loans are valued according to the rules laid down by the Ministry of Finance, and are recorded on the balance sheet at their nominal value less specific and general credit loss provisions. This also applies to the part of the loan portfolio consisting of fixed-interest loans.

When a fixed-interest loan is redeemed before maturity, the premium/discount is calculated according to the terms and conditions laid down in the loan agreement. The premium/discount is taken to income/charged to expenses in the period in which the loan is redeemed.

Specific credit loss provisions cover expected losses on individual loans identified as doubtful on the balance sheet date. The provisions cover expected losses on defaulted loans and expected losses on identified doubtful loans. Defaulted loans are loans where instalments have not been paid within 90 days of the due date. Interest and charges on doubtful loans are not taken to income.

General credit loss provisions cover losses which, because of the circumstances prevailing on the balance sheet date, may be expected to arise on loans. The loans are not identified and valued individually according to the rules for specific credit loss provisions. Realised credit losses and changes in credit loss provisions and recoveries of amounts previously written off are shown in the profit and loss account under "Income from other financial assets".

Short-term financial assets

Short-term share investments

Short-term shareholdings are capitalised at acquisition cost. Direct purchase costs are included in the acquisition cost and are capitalised as part of the cost price. After the first time they are capitalised, shares are valued at their actual value (market value). For shares quoted on a stockmarket or another regulated marketplace, the actual value is set at the final price on the last trading day up to and including the balance sheet date. Other short-term shares are assessed at assumed market value as laid down on the basis of available information. Realised gains/losses on the sale of short-term shares are calculated according to the FIFO method and are booked gross in the profit and loss account.

Bonds and other fixed-return securities

Interest-bearing securities classified as short-term assets are valued at their market value. The market value is determined on the basis of the market price at given closing times for each individual market on the last day of trading up to and including the balance sheet date. If there is no market price, the price is estimated on the basis of the yield curve for the respective market. The calculations are based on external, observable data.

Discounts on zero-coupon securities are amortised as interest income up to the due date. Amortised discounts are shown in the profit and loss account together with coupon interest under "Income from other financial assets". Amortised discounts are shown on the balance sheet together with the underlying investment.

Realised gains/losses on sales are calculated according to the averaging method and are shown gross in the accounts.

Securities reserves - short-term financial assets

Unrealised gains/losses (securities reserves) on short-term financial assets are taken directly to income/charged directly to expenses. Changes in unrealised gains (positive securities reserves) are shown as financial income, while changes in unrealised losses (negative securities reserves) are shown as financial costs. Any net positive securities reserves are allocated to the securities adjustment fund on the balance sheet. This goes via the profit and loss account, so the book profit/loss is only influenced by net negative securities reserves.

Unrealised securities reserves related to short-term financial assets in foreign currency that may be ascribed to changes in exchange rates are transferred to the securities adjustment fund if the investment is directed at foreign exchange changes. Changes in foreign exchange linked to the security instrument are thus not transferred even to the securities adjustment fund but are booked directly in the profit/loss.

Financial derivatives

Financial derivatives are used as an integral part of the financial asset management to manage the risk exposure of the securities portfolio. Derivatives are also used in connection with strategic allocation.

Derivatives relating to short-term financial assets or those forming part of a contingency fund are valued at their actual value, while other derivatives related to long-term assets are valued at the lower of the actual value on the balance sheet date and the acquisition cost. A brief description of the treatment of the various derivatives for accounting purposes is given below. A more detailed description of the individual derivatives can be found in Note 14.

Interest-rate swaps

Interest-rate swaps related to long-term assets are recorded according to the lowest value principle. Interest-rate swaps related to short-term assets are recorded at their actual value on the balance sheet date. The net cash flow is recorded on an ongoing basis as interest income.

FRA

Forward rate agreements are recorded at their market value.

Interest rate futures (IRF)/futures/share index futures

Value changes on futures contracts are calculated and booked on an ongoing basis against the margin account as realised gains/losses. The values are calculated up to and including the balance sheet date.

Options

Option premiums are capitalised when an option transaction is entered into. Capitalised option premium is included as an element in the calculation of profit upon exercising the option. The options are valued at their actual value on the balance sheet date. When calculating gains/losses on realisation, the averaging method is used.

Forward exchange contracts

Forward exchange contracts are booked at their actual value. In the accounts, forward exchange contracts used to hedge short-term financial assets are shown together with the underlying asset.

SUBORDINATED LOANS

Subordinated loans are issued at face value and valued at nominal value. Subordinated loans in foreign currency are translated at the current rate of exchange, and unrealised exchange rate gains/losses are booked in the profit and loss account.

PERPETUAL SUBORDINATED LOANS

Fixed-rate perpetual subordinated loans in foreign currency are hedged with a combined interest and currency swap, and satisfy the hedging booking requirement under IAS 39 (real value hedging). This implies that the perpetual subordinated loan (the hedging object) is valued for tax purposes at the actual value in relation to the risk that is hedged (interest and currency), and the change in value is booked in the profit and loss account. The combined interest and currency swap (the hedging instrument) is also booked at its actual value with a change in value in the profit and loss account. The hedging instrument is presented as a derivative on the balance sheet.

FOREIGN CURRENCY AND FOREIGN CURRENCY HEDGING

Transactions denominated in foreign currency are booked at the exchange rate prevailing on the day of the transaction. Unrealised and realised exchange rate gains/losses are recorded in the profit and loss account.

Cash items, other short-term financial assets, subordinated loans and perpetual subordinated loans in foreign currency are translated to Norwegian kroner at the exchange rate prevailing on the balance sheet date. When translating foreign group subsidiaries (KLP Ejendomme AS), the average exchange rate is used for gains/losses and the exchange rate on the day is used for the balance sheet. Translation differences are recorded in the profit and loss account.

In order to reduce the currency risk, various strategies are used as described below:

Subordinated loan capital

Subordinated loan capital is hedged against rate of exchange risks either through investments in financial assets in the same currency with periods to maturity up to date of the first option for repayment of the loan, or through forward exchange contracts. Unrealised exchange profit/loss on subordinated loan capital and hedging instruments are shown net in the profit and loss account.

Perpetual subordinated loans

The perpetual subordinated loan (the hedging object) is hedged with a combine interest and currency swap (the hedging instrument). The combined interest and currency swap has a term equivalent to the time up to the first option on repayment of the perpetual subordinated loan. Unrealised foreign exchange gains/losses on the securities is set off by realised and unrealised foreign exchange gains/losses on the forward exchange contracts. In both cases, unrealised foreign exchange gains/losses are booked in the profit and loss account.

Interest-bearing securities

Investments in short-term interest-bearing securities in foreign currency are almost fully hedged against currency risk through forward exchange contracts. The hedging effect is achieved by the fact that realised and unrealised exchange gains/losses on the securities are offset by realised and unrealised exchange gains/losses on the forward exchange contracts. In both cases unrealised exchange gains/losses are recorded in the profit and loss account.

Shares

Investments in shares denominated in foreign currency are 80% hedged against currency risks through forward exchange contracts. The hedging transaction is expressed through realised and unrealised gains/losses being offset by realised and unrealised gains/losses on the forward exchange contracts.

In both cases unrealised gains/losses are recorded in the profit and loss account. For the unhedged part (20%) realised gains will be recorded in the profit and loss account, whereas unrealised gains will form part of the securities adjustment fund provision.

TECHNICAL PROVISIONS

The technical provisions for group life insurance are based on risk theory methods. The claims reserve

includes provisions for expected payments on insured events which have occurred but have not yet been settled, regardless of whether or not these have been reported.

The group pension schemes are based on straight line accrual. This means that a member's accrued benefits at any time are a proportional share of the benefits the member will be entitled to in the event of continued service until retirement age. The proportional share is based on the ratio of the length of service that the member has already accrued to the total length of service the member will achieve in the event of continued service until retirement age, but the latter cannot exceed 40 years for the purpose of calculating the proportional share. The scheme is based on the final salary principle. Adjustment of current pensions and paid-up policies (deferred entitlements) in accordance with the National Insurance basic amount (G) is one of the pension scheme's defined benefits. The scheme's benefits are coordinated with National Insurance according to the rules prevailing at any time and guarantee a defined gross pension.

Adjustments of current pensions and accrued pension entitlements are financed in full through a special adjustment premium which is set when the results of the pay and National Insurance settlement are known. Gross guarantees etc. are financed through single premiums at start-up and possibly in connection with subsequent changes in the pension.

The net premium reserve in the pension schemes is set as net single premiums for the accrued retirement, disability and survivor's pensions at this time. In addition, administration reserves are allocated for the purposes stipulated by the Financial Supervisory Authority of Norway and on the basis of KLP's actual expenditure for these purposes. Provisions for insured events which have occurred but have not yet been settled, including a waiting period provision for disability risks, are also included in the pension schemes' premium reserves.

Provisions in the insurance fund

Premium reserve

The premium reserve represents the technical cash value of the pension entitlements accrued at the time of calculation. The premium reserve also includes administration provisions based on KLP's calculation base in accordance with the rules as laid down at any time by the Financial Supervisory Authority and provisions for insured events which have occurred but have not yet been settled, including a waiting period provision for disability risks.

Supplementary reserves

Supplementary reserves are recorded in the profit and loss account as statutory provisions under "Changes in technical provisions". Supplementary reserves are provisionally allocated to policyholders and can be used to cover possible interest deficits. The capitalisation of supplementary reserves is recorded under "From supplementary reserves in the insurance fund to cover interest deficit".

Premium fund

The premium fund consists of prepaid premiums and any surplus assets allocated to individual customers' premium fund accounts. Premium fund assets can be used to cover future premiums.

Other provisions in the insurance fund

"Claims provisions" and "Other technical provisions" relate to and include provisions for unsettled claims and the premium reserve for group life insurance. The consolidated figures also include provisions for unsettled claims and various other statutory provisions in the non-life company.

Contingency fund

The purpose of the contingency fund is to cover any extraordinary losses from the insurance business. In life insurance and pensions insurance, provisions may exceed the minimum requirement by up to 50%. The contingency fund requirement was reduced to 20% of the previous minimum requirement through a change in regulations in 2001.

Base rate

The base rate is 3.4% in KLP's common pension scheme (although it is 3.0% for a small proportion of the customer base and for new accruals after 01.01.2004 for all customers) and 3.0% in the Pension scheme for nurses, the Pension scheme for hospital doctors and the Pension scheme for popularly elected representatives. Total average interest rate guarantee in the group pensions class was 3.3% in 2004.

Mortality and disability

Criteria based on KLP's disability experience up to 1995 are used in connection with disability risks, with a subsequent routine strengthening in accordance with a plan that was completed in 2003. The criteria from the calculation basis K1963 are used for the other risk elements.

PENSION LIABILITIES FOR OWN EMPLOYEES

The company's pension liabilities are basically covered for insurance purposes through KLP's Common Municipal Pension Scheme (KLP FP) and group annuity in KLP. Other pension liabilities are covered via the operation.

Net pension liability is the difference between the actual value of the pension assets and the present value of the calculated pension liabilities. These computations are made according to the "NRS 6 Pensions Assets" norm, which among other things is based on criteria related to mortality, disability, voluntary retirement, AFP, future salary developments, future growth in the National Insurance basic amount (G), discount interest rates and returns. Net liability is classified as long-term liabilities on the balance sheet. If the value of the pension assets exceeds the present value of calculated pension liabilities, net assets are presented as long-term asset.

The net pension expense for the period is made up of the sum of the period's pension accruals, the interest expense on the calculated liability and the expected return on the pension assets. In addition to this are the estimate variations recorded in the profit and loss account. This variation is the difference between estimated and final calculated pension liabilities and assets. Estimate variations beyond 10% of the higher of gross pension liabilities and gross pension assets at the beginning of the year (the corridor) are recorded in the profit and loss account on a straight-line basis over the remaining accrual period.

As regards pensions that are covered by group annuity in KLP, and as regards pensions covered via the operation, KLP took the entire unamortized corridor to expense as at 01.01.2004. This brought an expense in the profit/loss for the year of (NOK) 1.3 million. No new corridor has been established, as the company does not wish to use corridors in these schemes.

The net pension expense is presented together with other payroll expenses in the profit and loss account.

The Common Municipal Pension Scheme (Felles Kommunal Pensjonsordning (KLP FP)) is a "multi-employer plan". This means that the technical risk is shared between all enterprises, municipalities and county municipalities participating in the scheme. The financial and actuarial criteria on which the calculation of net pension liabilities is based, is consequently based on criteria that are representative of the entire community.

PREMIUM INCOME

Gross premiums are taken to income with the amounts that fall due in the course of the year. The premium applicable to the period after the end of the accounting year, is set aside as non-earned premium.

REINSURANCE

In 2004, KLP terminated its quota reinsurance contract in the KLP Common Pension Scheme. The agreement covered all elements in the current insurance business with the exception of administration costs, administration provisions, and supple-

mentary provisions. The ceded part of the current insurance business for the year is booked in the profit and loss account.

TRANSFERS

Transfers to/from KLP's group pension schemes are carried out in accordance with the schemes' statutes at the year-end. Transfer transactions are booked in the following year. Premium reserves received in connection with transfers are shown on a separate line in the profit and loss account and make up a part of the premium income. Outflows from premium reserves, securities reserves and supplementary reserves in connection with transfers are shown as a claims expense in the profit and loss account. The amount is shown on a separate line.

TAX

The profit for the year for tax purposes forms the basis for calculating the tax payable for the year. In addition, deferred tax assets and deferred tax liabilities are calculated on the basis of temporary differences between values for accounting purposes and values for tax purposes, and tax deficit/allowance to be carried forward. Deferred tax assets are not recorded on the balance sheet because the company's tax situation suggests that they will not be used.

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

CASH FLOW STATEMENTS

The cash flow analysis is drawn up in accordance with the "Provisional Norwegian Accounting Standard for Cash Flow Statements". Cash and cash equivalents are defined as holdings of cash and bank deposits in operating accounts.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the parent company, KLP, and subsidiaries in which KLP's shareholding is greater than or equal to 50%. Subsidiaries which are acquired/disposed of during the course of the year are consolidated in the profit and loss account for that part of the year during which the companies were part of the group.

A list of subsidiaries can be found in Note 9.

Shares and holdings in subsidiaries are eliminated in accordance with the purchase method, whereby the book value of shares in subsidiaries is eliminated against equity capital in the subsidiary at the time of acquisition. Identified unrealised gains/losses is attributed to the individual asset and liability items in accordance with the actual value at the time of acquisition. Any remaining excess value is booked as goodwill.

With the exception of KLP Skadeforsikring AS, the company accounts of the subsidiaries are drawn up according to the valuation rules of the Norwegian Accounting Act. When preparing the consolidated accounts, and when making valuations according to the equity method in KLP's company accounts, the company accounts are re-stated in accordance with KLP's accounting principles. As is the case with the parent company KLP, KLP Skadeforsikring AS complies with the "Regulation on annual accounts etc. for insurance companies", pursuant to which the accounts cannot be re-stated.

In accordance with the guidelines of the Financial Supervisory Authority of Norway, unrealised internal gains recorded in the profit and loss account of the life insurance company (i.e. the parent company, KLP) are not eliminated in the consolidated accounts.

NOTE 2 Profit/loss by sector

NOK thousands	Group pensions			Group life			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Single premiums	661	597	15 535				661	597	15 535
1) Instalment premiums	13 522 262	12 449 481	13 650 340	125 189	127 575	127 434	13 647 451	12 577 056	13 777 774
Premiums due, gross	13 522 923	12 450 078	13 665 875	125 189	127 575	127 434	13 648 112	12 577 653	13 793 309
Transfer of premium reserves/ supplementary reserves/securities reserves from other ins. cos./ pension funds	61 055	14 031	217 613				61 055	14 031	217 613
Total premium income, gross	13 583 978	12 464 109	13 883 488	125 189	127 575	127 434	13 709 167	12 591 684	14 010 922
Reinsurance premiums ceded	-1 130 027	-1 169 585	-1 404 500				-1 130 027	-1 169 585	-1 404 500
Premium income for own account	12 453 951	11 294 524	12 478 988	125 189	127 575	127 434	12 579 141	11 422 100	12 606 423
Income from financial assets	18 526 170	10 070 651	9 806 223	23 602	14 768	14 179	18 549 772	10 085 419	9 820 402
Other insurance-related income	0	0	0				0	0	0
1) Claims paid, gross	-5 320 869	-5 001 197	-4 633 051	-127 906	-121 036	-102 478	-5 448 776	-5 122 233	-4 735 529
Echange in claims provisions				-13 282	12 099	-20 730	-13 282	12 099	-20 730
Transfer of premium reserves/ supplem. res./sec. reserves to other insurance companies/ pension funds	-1 089 834	-1 295 869	-2 868 726				-1 089 834	-1 295 869	-2 868 726
Reinsurance share	583 314	634 385	856 732				583 314	634 385	856 732
Claims for own account	-5 827 389	-5 662 681	-6 645 044	-141 188	-108 937	-123 208	-5 968 578	-5 771 618	-6 768 252
To (from) premium reserves in insurance fund, gross	-10 464 569	-10 159 367	-9 171 798				-10 464 569	-10 159 367	-9 171 798
Reinsurance share	738 283	782 502	785 445				738 283	782 502	785 445
Guaranteed interest to premium fund	-14 604	-2 088	-2 389				-14 604	-2 088	-2 389
Additional provisions for the year	-1 120 960	-1 830 777	-51 430				-1 120 960	-1 830 777	-51 430
To (from) suppl. Reserves in insurance fund in connection with transfers between insurance cos./pension funds	13 583		31				13 583	0	31
To (from) contingency fund	-6 966	-15 102	0	-27	1 147	3 877	-6 993	-13 955	3 877
To (from) technical provisions				2 852	-18 664	433	2 852	-18 664	433
To (from) other provisions	0	0	0				0	0	0
Change in technical provisions for own account	-10 855 233	-11 224 832	-8 440 142	2 825	-17 517	4 310	-10 852 408	-11 242 349	-8 435 832
Insurance-related operating expenses	-310 546	-282 086	-246 977	-8 588	-11 528	-12 627	-319 134	-293 614	-259 604
Costs related to financial assets	-10 629 519	-1 823 955	-7 186 421	-13 023	-2 481	-10 088	-10 642 542	-1 826 436	-7 196 509
2) Other insurance-related costs	-72 239	-425 045	0				-72 239	-425 045	0
To (-)/from (+) securities adjustment fund	-1 210 168	-1 381 924	0	-1 483	-1 879	0	-1 211 651	-1 383 802	0
Technical profit/loss	2 075 027	564 653	-233 374	-12 665	0	0	2 062 362	564 654	-233 373
From supplementary reserves in insurance fund to cover interest loss	0	81 178	233 373				0	81 178	233 373
Transfer to premium fund in insurance fund	-1 919 336	-468 831	0				-1 919 336	-468 831	0
Profit/loss before tax	155 691	177 000	0	-12 665	0	0	143 026	177 000	0
Share of profit for distribution finally allocated to customers							93,1 %	72,6 %	0,0 %
Share of profit for distribution allocated to equity capital							6,9 %	27,4 %	0,0 %

1) Includes premium and claims related to special agreement for payment of contractual pensions (AFP) (for 62-64 year-olds) amounting to NOK 163 (144, 198) and NOK -165 (-154, -198) million respectively. There is no form of fund comprised by this agreement.

2) Relates to reinsurance. See Note 7.

NOTE 3 Technical provisions by sector

NOK thousands	Group pensions			Group life			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Premium reserve, gross	124 809 633	114 345 064	104 185 697				124 809 633	114 345 064	104 185 697
Reinsurance share	0	-9 544 409	-9 545 881				0	-9 544 409	-9 545 881
Premium reserve for own account	124 809 633	104 800 655	94 639 817				124 809 633	104 800 655	94 639 816
Supplementary reserves	4 031 103	2 923 725	1 174 126				4 031 103	2 923 725	1 174 126
Premium fund	2 477 098	517 812	46 739				2 477 098	517 812	46 739
Claims provisions for own account				98 995	85 712	97 812	98 995	85 712	97 812
Other technical provisions				35 497	38 349	19 685	35 497	38 349	19 685
Provisions in insurance fund for own account	131 317 835	108 242 193	95 860 682	134 492	124 061	117 497	131 452 325	108 366 254	95 978 178
Contingency fund provisions	128 869	121 903	106 802	15 419	15 392	16 538	144 288	137 295	123 340
Technical provisions for own account	131 446 704	108 364 096	95 967 484	149 911	139 453	134 035	131 596 613	108 503 549	96 101 518

NOTE 4 Profit analysis by class of insurance

NOK thousands	Group pensions			Group life			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Calculated costs	469 779	455 611	409 537	8 759	11 681	12 802	478 538	467 292	422 339
1) -Actual costs	-460 318	-401 105	-371 863	-8 759	-11 681	-12 802	-469 077	-412 786	-384 665
= Administration profit/loss	9 461	54 506	37 674	-0	0	0	9 461	54 506	37 674
Net financial income	7 166 115	7 419 557	2 877 109	9 267	10 561	4 266	7 175 382	7 430 118	2 881 375
- Guaranteed interest	-3 784 740	-3 891 553	-3 102 712	-5 708	-6 157	-5 929	-3 790 448	-3 897 710	-3 108 641
2) = Interest profit/loss	3 381 375	3 528 004	-225 603	3 559	4 404	-1 663	3 384 934	3 532 408	-227 266
3) Other items	-21 553	-597 868	-200 000				-21 553	-597 868	-200 000
Risk profit/loss	44 197	39 400	68 219	-16 224	14 260	1 230	27 973	53 660	69 449
4) Total administration, interest and risk profit/loss	3 413 481	3 024 042	-319 710	-12 665	18 664	-433	3 400 816	3 042 706	-320 143
In group pension insurance the profit/loss is also affected by:									
Return on assets other than premium reserve	397 886	346 053	194 502						
To (-)/from (+) contingency fund	-6 966	-15 102	0						
Net profit/loss of reinsurance	-608 414	-959 562	-56 734						
To (-)/from (+) supplementary reserves	-1 120 960	-1 749 599	181 943						
Distributable profit	2 075 027	645 831	0						

1) These are the booked administration costs of Kommunal Landspensjonskasse. When §5-31 of the Accounting Regulation is applied and the costs incurred in KLP's property companies are included, the actual costs rise to NOK 517.6m and the administration result changes to a loss of NOK - 39m, while the interest profit increases to NOK 3,433.4m.

2) As from 2002, the interest profit/loss equals the difference between the return on the premium reserve and the guaranteed interest on it. However, in 2003, NOK 484m of that amount was included in the guaranteed interest in order to cover the effect of the included in the guaranteed interest in order to cover the effect of the regulation on salaries and "G" in the Pension scheme for hospital doctors, in compliance with the financing model that was in force until 31.12.03.

3) This item has been used to great effect to the strengthen the reserves and technical changes in the reserve calculations and changes in the data base. In 2004 such effects have limited value.

4) The profit in group life was entered against other technical reserves as far as the assets went. The remaining deficit was covered by the equity capital.

NOTE 5 Transfer of reserves

NOK thousands	2004	2003	2002
Transfers to KLP			
Premium reserves received from other companies/pension funds	61 055	14 031	217 613
Transfers from KLP			
Premium reserves transferred	-1 089 834	-1 295 869	-2 868 726
Supplementary reserves transferred			
Securities adjustment reserves transferred			
Total reserves transferred to other insurance companies/pension funds	-1 089 834	-1 295 869	-2 868 726

Premium reserves received from other insurance companies/pension funds included 2 contracts (2 and 6 in 2003 and 2002 respectively) that were transferred to KLP's communal pension scheme, the premium volume being NOK 6.7 million (1.5 and 17.8).

Transfers of reserves in connection with customers leaving KLP as at 1 January 2004 (contracts terminated 31 December 2003) included 28 contracts (59 and 71 in 2003 and 2002 respectively) in KLP's communal pension scheme, the premium volume being NOK 84.8 million (177.8 and 274.2). In 2003 and 2002 the transfers also included 3 and 24 contracts respectively in the Pension Scheme for popularly elected representatives, the premium volume being NOK 0.5 and NOK 2.1 million.

NOTE 6 New subscriptions

	2004	2003	2002
Group pensions			
Number of contracts	115	71	161
Premium volume (NOK mill.)	23,9	7,5	43,1
Group life			
Number of contracts	176	188	294
Premium volume (NOK million)	8,6	12,8	33,4

NOTE 7 Reinsurance

The financial part of KLP's reinsurance agreement with Swiss Re, which has included KLP's communal pension scheme, was terminated on 31 December 2004. The agreement charged NOK 608.4 million to KLP's profit and loss account for 2004.

The reinsurance agreement had the following effect on the various items in the accounts:

NOK thousands	2004	2003	2002
Profit/loss			
Premium income	-1 130 027	-1 169 585	-1 404 500
Income from financial assets	-727 745	-781 819	-294 411
Claims	583 314	634 385	856 732
Change in insurance provisions	738 283	782 502	785 445
Other insurance-related income	0	0	0
Other insurance-related costs	-72 239	-425 045	0
Total effect of profit/loss	-608 414	-959 562	-56 734
Balance sheet			
Reinsurance part of premium reserve	0	-9 544 409	-9 545 881
Premium contributed by reinsurance companies	0	9 544 409	9 545 881
Receivables in connection with reinsurance agreements	0	565 000	1 500 000
Total balance sheet effect	0	565 000	1 500 000

NOTE 8 Financial risks

Liquidity risks

NOK thousands	Period to maturity				No agreed period to maturity	Total
	Less than 1 year	1-5 yrs	5-10 yrs	More than 10 yrs		
Long-term shareholdings	0	0	0	0	52 858	52 858
Bonds held to maturity	2 529 022	11 794 191	26 650 517	11 792 324	0	52 766 054
Mortgage loans	461 227	1 881 309	1 990 134	2 821 660	0	7 154 330
Receiv. from and sec. issued by ass. cos.	6 393	31 227	37 843	112 101	0	187 565
Other loans	1 313 145	2 646 849	2 081 383	2 940 496	0	8 981 873
Short-term shareholdings and o. holdings	75 284	0	0	0	17 960 564	18 035 849
Financial derivatives	624 789	161 455	0	0	0	786 244
Bonds and other fixed return securities	10 026 848	10 864 071	5 847 940	3 680 638	0	30 419 497
Investments with credit institutions	5 827 301	0	0	0	928 335	6 755 636
Total liquidity risk	20 864 009	27 379 103	36 607 818	21 347 219	18 941 758	125 139 907

Of which in foreign currencies:

Long-term shareholdings and o. holdings	0	0	0	0	0	0
Bonds held to maturity	0	0	0	0	0	0
Other loans	0	0	0	561 512	0	561 512
Short-term shareholdings and o. holdings	74 840	0	0	0	12 035 863	12 110 703
Financial derivatives	1 363 537	161 455	0	0	0	1 524 992
bonds and other fixed return securities	486 810	8 217 916	4 166 102	3 054 029	0	15 924 857
Investments with credit institutions	446 116	0	0	0	861 219	1 307 334
Total liquidity risk in foreign currencies	2 371 303	8 379 372	4 166 102	3 615 542	12 897 082	31 429 399

A major part of KLP's financial assets are invested in assets assumed to be easily tradeable in the secondary market. Agreed term to maturity therefore provides limited information about the company's actual liquidity risk.

Interest rate risk

NOK thousands	Interest sensitivity				Total
	Within 1 yr	1-5 yrs	5-10 yrs	More than 10 yrs	
Bonds held to maturity	-11 819	-503 084	-2 291 091	-632 535	-3 438 530
Bonds and other fixed-return securities	-55 388	-305 806	-423 848	-361 712	-1 146 754
Investments with credit institutions	-10 573	0	0	0	-10 573
Total	-77 780	-808 890	-2 714 938	-994 248	-4 595 856

Interest sensitivity expr. a change in market value for interest-bearing investments - expr. here as a 1% interest rate increase.

Duration for interest-bearing investments held to maturity until 31.12.04

5,78

Duration for interest-bearing investments current assets as at 31.12.04:

3,12

NOK thousands	Interest rate binding period				No agreed interest binding	Total
	Within 1 yr	1-5 yrs	5-10 yrs	More than 10 yrs		
Bonds held to maturity	3 026 206	12 924 877	29 521 037	12 480 898	0	57 953 018
Bonds and other fixed-return secs.	9 559 017	9 512 523	5 808 868	3 668 823	1 901 451	30 450 683
Total	12 585 223	22 437 400	35 329 905	16 149 721	1 901 451	88 403 701

Interest rate risks are controlled by applying modified duration, where the risk target is set on the basis of parallel shifts in the interest graph. In addition interest rate risks are controlled through a diversification between country and duration. The active risk in the portfolio is controlled by tracking errors. Tracking errors is a permitted deviation from the index. Interest rate risks are also governed by interest rate risks resulting from insurance-related liabilities.

Exchange rate risks

NOK thousands	Currency code	Net position
US dollars	USD	1 050 262
Australian dollars	AUD	42 103
British pounds sterling	GBP	342 082
Canadian dollars	CAD	87 869
Danish krone	DKK	30 490
Euro	EUR	491 862
Hong Kong dollars	HKD	20 896
Japanese yen	JPY	354 725
New Zealand dollars	NZD	12 722
Singapore dollars	SGD	6 370
Swiss franc	CHF	91 508
Swedish krone	SEK	86 729
Total currency risk as at 31.12.04		2 617 618

The foreign exchange rate risk as at the year-end is representative of the accounting period. The company's investments in shares in foreign currencies are 80 per cent hedged against exchange rate changes. The company's interest investments in foreign currencies are hedged almost 100 per cent.

NOTE 9 Shares and holdings in companies in same group and associated companies

NOK thousands	Office and business address	Share-holding %	Acquisition cost	Remaining added value/ goodwill(g)	Book value as at 31.12.03	Entries/ exits	Value-adjustments	Share in profit/loss	Equity transactions	Book value as at 31.12.04
Group companies (excl. propertiesdom)										
KLP Skadeforsikring	Karl Johansgt. 37-41, NO-0162 OSLO	100	78 667	0	170 619	0	0	24 664		195 283
KLP Fondsforvaltning	Karl Johansgt. 37-41, NO-0162 OSLO	100	14 000	0	3 851	0	0	1 666		5 517
KLP Forsikringservice	Karl Johansgt. 37-41, NO-0162 OSLO	100	100	0	1 596	0	0	370	-371	1 595
KLP Kapitalforvaltning	Karl Johansgt. 37-41, NO-0162 OSLO	100	50 000	0	54 100	0	0	36 637	5 000	95 737
Fylkeshuset, Sør-Trøndelag	Munkegata 10, NO-7004 TRONDHEIM	51	51	0	51	-51	0	0		0
Total shares and holdings in group companies (excl. properties)			142 818	0	230 217	-51	0	63 338	4 629	298 133
Group companies, property companies (shown on the balance sheet under "Buildings and other real estate")										
Shares/equities										
KLP Eiendom	Pilestredet 38, NO-0130 OSLO	100	3 841 140	742 587 (m)	5 168 338	0	290 117	424 573	-4 148	5 878 879
Total shares in Group companies, property subsidiaries			3 841 140	742 587	5 168 338	0	290 117	424 573	-4 148	5 878 879
(1) Shares										
Paléet Karl Johan	Pilestredet 38, NO-0130 OSLO	99	672 090	28 221(m)	698 478	0	-32 386	52 633	-56 505	662 219
GlasMagasinet	Pilestredet 38, NO-0130 OSLO	99	486 177	75 577(m)	494 674	0	27 919	44 331	-40 755	526 169
Trondheimsveien 2	Pilestredet 38, NO-0130 OSLO	50	253 200	0	256 621	0	-115	28 132	-28 500	256 138
Byporten	Pilestredet 38, NO-0130 OSLO	99	502 552	15 914(m)	979 304	0	89 791	82 031	-76 230	1 074 896
Støperigaten 2a	Pilestredet 38, NO-0130 OSLO	99,5	11 108	-64(m)	9 615	0	81	692	-498	9 891
Støperigaten 2b	Pilestredet 38, NO-0130 OSLO	99,5	15 112	-89(m)	14 621	0	123	1 080	-846	14 978
Total shareholdings in companies in same group, property subsidiaries			1 940 239	119 559	2 453 313	0	85 413	208 899	-203 333	2 544 292
Total shares and holdings in companies in same Group										
(1) (including real estate)			5 924 197	862 146	7 851 868	-51	375 530	696 810	-202 853	8 721 304
The companies are 100 per cent owned within the Group.										
Associated companies										
Kommunalbanken	Munkedamsveien 45, NO-0110 OSLO	20	141 000	0 (g)	173 797	0	0	18 231	-3 800	188 228
Askim Rådhus	Postboks 6093 Etterstad, NO-0601 OSLO	49	49	0	49	0	0	0	0	49
Fylkeshuset, Molde	Fylkeshuset, Julsundvn. 9, NO-6400 MOLDE	48	48	0	48	0	0	0	0	48
Karmøy rådhus	Rådhuset, NO-4250 KOPERVIK	49	49	0	49	0	0	0	0	49
Fylkeshuset, Sør-Trøndelag	Munkegata 10, NO-7004 TRONDHEIM	49	49	0	0	49	0	0	0	49
Gjøvik Rådhus	Rådhuset, NO-2800 GJØVIK	49	49	0	49	0	0	0	0	49
Lillesand Administrasjonsbygg	Bellevue 9, NO-4790 LILLESAND	49	49	0	49	0	0	0	0	49
Total shares and holdings in associated companies			141 293	0	174 041	49	0	18 231	-3 800	188 521

Added value for the Danish subsidiaries mainly applies to real estate and is therefore not written off.

NOTE 10 Long-term shares

NOK thousands	Acquisition cost	Book value as at 31.12.04	Market value as at 31.12.04 ¹⁾
Holdings, KLP			
FORSIKRINGENS HUS AS	7 245	7 245	7 245
NORSK TILLITSMANN AS	1 118	1 118	7 085
NOS HOLDING ASA	8 031	5 594	5 594
OSLO BØRS HOLDING ASA	19 000	19 000	51 000
VPS HOLDING ASA	19 901	19 901	59 703
TOTAL KLP	55 295	52 858	130 627
Of the values entered on the balance sheet, 0% is in quoted securities			
Holdings, other Group companies			
IT-FORNEBU AS	5 229	732	732
LERKENDAL STADION AS	5 000	1 500	1 500
OTHER LONG-TERM SHARES	346	297	297
TOTAL OTHER GROUP COMPANIES	10 574	2 530	2 530
TOTAL GROUP	65 869	55 387	133 157

Capitalized value is 0 per cent in quoted securities

¹⁾ Market value is put at same as book value if it cannot be stipulated with a sufficient degree of certainty. Of the total market value for KLP of NOK 130.63m, NOK 12,84m is put at book value. For the Group, NOK 15.37m of total market value is put at book value.

Changes in holdings during year

NOK thousands	KLP	GROUP
Book value as at 01.01.04	55 670	59 396
Additions during the year	0	303
Disposals during the year	0	0
Reclassification	-375	-375
Depreciation	-2 437	-3 937
Book value as at 31.12.04	52 858	55 387

NOTE 11 Shares and equity-based unit trusts

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
SHORT-TERM SHARE INVESTMENTS						
NORWAY						
DNB NOR HOLDING	2 466 100	0,19 %	97 607	147 349	97 607	147 349
STOREBRAND ORD	1 112 200	0,42 %	41 295	65 064	41 295	65 064
TOTAL, FINANCE			138 902	212 413	138 902	212 413
HAFSLUND B	18 800	0,02 %	603	720	603	720
TOTAL, SUPPLIES			603	720	603	720
EDB BUSINESS PARTNER	820 900	0,91 %	21 675	40 635	21 675	40 635
ELTEK	355 000	1,13 %	21 151	24 495	21 151	24 495
NEXTGENTEL	322 000	1,18 %	12 913	12 880	12 913	12 880
NORDIC VLSI	514 000	1,62 %	25 538	33 924	25 538	33 924
SOFTWARE INNOVATION	175 000	1,09 %	3 670	3 710	3 670	3 710
TANDBERG	642 120	0,49 %	40 013	48 320	40 013	48 320
TANDBERG TELEVISION	803 360	1,21 %	37 758	42 377	37 758	42 377
VISMA	511 100	1,64 %	35 630	39 099	35 630	39 099
TOTAL, IT			198 347	245 439	198 347	245 439
TELENOR	2 340 400	0,14 %	76 313	128 722	77 227	129 657
YOU HOLDING AS	1 231 850	6,54 %	19 384	493	19 384	493
TOTAL, TELECOM			95 697	129 215	96 611	130 150
2VK INVEST AS	2 690 000	6,17 %	592	592	592	592
ACTIVE24 ASA	687 500	1,85 %	65 680	4 469	65 680	4 469
AXXESIT ASA	423 780	3,69 %	20 000	9 323	20 000	9 323
CAMILLO EITZEN & CO	280 000	0,78 %	10 917	15 680	10 917	15 680
FIRM LTD PREF B-AKSJER	1 751 856	10,10 %	8 998	8 987	8 998	8 987
GREEN REEFERS	800 000	0,63 %	3 522	3 560	3 522	3 560
NORDISK TERAPI	7 100	1 %	585	710	585	710
NORWEGIAN AIR SHUTTLE	294 200	1,60 %	9 332	3 972	9 332	3 972
POWEL ASA	990 303	7,25 %	20 140	16 340	20 140	16 340
SAS AB	179 300	0,11 %	11 538	10 175	11 538	10 175
SEGMENTOR ASA	2 672 000	8,23 %	8 016	1 336	8 016	1 336
STAR REEFERS	78 000	0,92 %	8 428	8 970	8 428	8 970
STOLT-NIELSEN S.A.	216 500	0,34 %	26 622	37 671	26 622	37 671
TECHNOR	580 518	2,08 %	7 837	6 908	7 837	6 908
THE MOBILE MEDIA COMPANY AS	384 615	0,45 %	10 000	0	10 000	0
TOMRA SYSTEMS	1 686 450	0,94 %	69 988	56 159	69 988	56 159
TOTAL, INDUSTRY			282 194	184 852	282 194	184 852
NORSKE SKOGINDUSTRIER	488 530	0,37 %	58 447	63 997	58 447	63 997
TOTAL, RAW MATERIALS			58 447	63 997	58 447	63 997
AKER KVAERNER OGEP	150 000	0,27 %	20 728	24 150	20 728	24 150
FRED OLSEN ENERGY ASA	683 200	1,19 %	20 413	59 780	20 413	59 780
KRAFTPARTNER ASA	1 780 215	11,11 %	2 826	2 831	2 826	2 831
NORSK HYDRO	668 036	0,27 %	240 537	318 653	240 537	318 653
PETROLEUM GEO SERVICES	109 700	0,55 %	34 132	41 521	34 132	41 521
PROSAFE	390 050	1,15 %	54 405	63 968	54 405	63 968
SMEDVIG B	240 000	0,91 %	13 431	19 740	13 431	19 740
STATOIL	1 783 800	0,09 %	141 969	169 461	142 828	170 411
STOLT OFFSHORE S.A.	280 000	0,15 %	7 289	10 976	7 289	10 976
TOTAL, ENERGY			535 729	711 080	536 588	712 030
EXPERT EILAG	711 850	2,38 %	29 170	41 109	29 170	41 109
GRESVIG	437 100	2,20 %	12 723	18 358	12 723	18 358
ROYAL CARIBBEAN CRUISES LTD.	136 760	0,07 %	28 281	45 609	28 281	45 609
TOTAL, CONSUMABLES			70 175	105 077	70 175	105 077
ORKLA	1 109 488	0,55 %	141 301	220 788	142 241	221 783
TOTAL, CONSUMER GOODS			141 301	220 788	142 241	221 783
TOTAL NORWAY			1 521 396	1 873 582	1 524 108	1 876 462

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
NORDIC COUNTRIES EXCL. NORWAY						
DANSKE BANK	148 500		22 617	27 570	22 617	27 570
NORDEA BANK	368 826		17 248	22 522	17 248	22 522
SAMPO A	63 000		4 580	5 269	4 580	5 269
SKAND. ENSKILDA BANKEN A	79 000		7 701	9 252	7 701	9 252
SKANDIA FORSAKRING	295 000		7 169	8 899	7 169	8 899
SVENSKA HANDELSBK A	109 000		14 446	17 186	14 446	17 186
TOTAL, FINANCE			73 761	90 699	73 761	90 699
ERICSSON (LM) B	1 905 071		25 432	36 809	25 432	36 809
INTENTIA INTERNATIONAL B	391 000		2 841	5 078	2 841	5 078
NOKIA CORP	637 902		67 853	61 023	67 853	61 023
TIETOENATOR	57 800		10 707	11 135	10 707	11 135
TOTAL, IT			106 833	114 045	106 833	114 045
ELISA A	62 000		5 695	6 054	5 695	6 054
GLOCALNET AB	350 300		1 189	782	1 189	782
TDC	24 000		5 684	6 156	5 684	6 156
TELIASONERA	653 000		20 522	23 687	20 522	23 687
TELIASONERA	805		16	29	16	29
TOTAL, TELECOM			33 105	36 707	33 105	36 707
ASTRAZENECA SDR	68 300		20 166	15 033	20 166	15 033
GETINGE B	86 800		6 331	6 546	6 331	6 546
GN STORE NORD	99 500		4 329	6 497	4 329	6 497
H. LUNDBECK	26 000		3 174	3 511	3 174	3 511
NOVO NORDISK B	11 750		3 628	3 888	3 628	3 888
TOTAL HEALTH			37 628	35 475	37 628	35 475
ABB LTD SDR	289 000		10 893	9 825	10 893	9 825
AP MOLLER MAERSK B	488		17 026	24 412	17 026	24 412
ATLAS COPCO A	23 000		6 322	6 289	6 322	6 289
GROUP 4 SECURICOR	363 300		3 494	5 951	3 494	5 951
GUNNEBO	60 000		4 519	4 552	4 519	4 552
ISS	36 400		12 708	12 307	12 708	12 307
METSO CORP	64 000		5 660	6 143	5 660	6 143
SANDVIK	11 313		2 540	2 763	2 540	2 763
SAS	92 000		5 262	5 031	5 262	5 031
SCANIA B	42 000		9 762	10 067	9 762	10 067
SKANSKA B	50 000		2 952	3 634	2 952	3 634
YIT-YHTYMAA	42 000		5 354	6 348	5 354	6 348
TOTAL, INDUSTRY			86 492	97 323	86 492	97 323
SCA SV CELLULOSA B	81 761		21 147	21 126	21 147	21 126
SSAB SVENSKT STAL A	45 875		3 318	6 690	3 318	6 690
TOTAL, RAW MATERIALS			24 466	27 815	24 466	27 815
ELECTROLUX B	132 300		18 313	18 328	18 313	18 328
HENNES AND MAURITZ B	153 712		28 076	32 432	28 076	32 432
NOKIAN RENKAAT	3 660		780	3 369	780	3 369
TOTAL, CONSUMABLES			47 169	54 128	47 169	54 128
DANISCO	19 587		5 978	7 240	5 978	7 240
TOTAL, CONSUMER GOODS			5 978	7 240	5 978	7 240
TOTAL, NORDIC COUNTRIES EXCL. NORWAY			415 433	463 434	415 433	463 434

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
THE WORLD						
ABN AMRO HOLDING	146 830		20 621	23 559	20 621	23 559
ACE	26 600		6 884	6 887	6 884	6 887
ACOM CO	9 220		4 515	4 180	4 515	4 180
AEGON	128 195		11 904	10 585	11 904	10 585
AFLAC	47 815		11 549	11 538	11 549	11 538
AIFUL CORP	5 550		3 646	3 697	3 646	3 697
ALLEANZA ASSICUR. ORD	40 300		2 936	3 407	2 936	3 407
ALLIANZ	28 949		20 064	23 260	20 064	23 260
ALLIED CAPITAL CORP	20 300		3 689	3 177	3 689	3 177
ALLIED IRISH BANKS	80 752		8 216	10 205	8 216	10 205
ALLSTATE CORP	62 807		18 267	19 674	18 267	19 674
ALPHA BANK	26 772		4 891	5 655	4 891	5 655
AMBAC FINANCIAL GROUP	10 200		4 770	5 074	4 770	5 074
AMERICAN EXPRESS	108 152		33 479	36 925	33 479	36 925
AMERICAN INT'L GROUP	208 573		95 197	82 958	95 197	82 958
AMP LTD	174 467		4 220	6 014	4 220	6 014
AMSOUTH BANCORP	33 100		5 646	5 192	5 646	5 192
AMVESCAP	67 251		3 114	2 508	3 114	2 508
ANZ BANKING GROUP	170 386		14 409	16 656	14 409	16 656
AON CORP	25 146		3 904	3 634	3 904	3 634
ARCHSTONE-SMITH TRUST	18 600		3 632	4 315	3 632	4 315
ASSICURAZIONI GENERALI	90 013		14 966	18 504	14 966	18 504
AVALONBAY COMMUNITIES	8 925		2 776	4 070	2 776	4 070
AVIVA	212 315		12 894	15 504	12 894	15 504
AXA	133 255		17 067	19 944	17 067	19 944
BANCA ANTONVENETA	27 200		3 485	4 344	3 485	4 344
BANCA INTESA ORD	306 030		6 445	8 919	6 445	8 919
BANCA NAZ LAVORO ORD	254 062		3 639	4 589	3 639	4 589
BANCA POPOLARE MILANO	69 526		2 333	3 732	2 333	3 732
BANCHE POPOLARI UNITE	33 429		4 061	4 115	4 061	4 115
BANCO DI VERONA E NOVARA	34 827		3 840	4 289	3 840	4 289
BANCO POPULAR ESPANOL	14 971		5 538	5 978	5 538	5 978
BANK EAST ASIA	188 100		3 821	3 540	3 821	3 540
BANK IRELAND	90 835		7 603	9 161	7 603	9 161
BANK MONTREAL	47 234		11 591	13 791	11 591	13 791
BANK NEW YORK CO	73 110		15 501	14 798	15 501	14 798
BANK NOVA SCOTIA	94 886		14 574	19 522	14 574	19 522
BANK OF AMERICA CORP	383 544		98 646	109 157	98 646	109 157
BANK YOKOHAMA	100 300		2 980	3 830	2 980	3 830
BANKNORTH GROUP	20 200		4 758	4 478	4 758	4 478
BARCLAYS	605 146		34 104	41 235	34 104	41 235
BB AND T CORP	52 200		13 305	13 294	13 305	13 294
BBVA	302 989		25 583	32 551	25 583	32 551
BCP BANCO COMERCIAL NOM	205 436		2 967	3 196	2 967	3 196
BNP PARIBAS	74 892		28 022	32 862	28 022	32 862
BOC HONG KONG HOLDINGS	348 200		4 163	4 029	4 163	4 029
BOSTON PROPERTIES	9 500		2 877	3 721	2 877	3 721
BRASCAN CORP A	21 950		4 067	4 788	4 067	4 788
BRITISH LAND CO	45 872		2 948	4 779	2 948	4 779
BSCH BCO SANTANDER CENTR	560 511		38 028	42 130	38 028	42 130
CANADIAN IMPERIAL BANK	34 408		10 016	12 563	10 016	12 563
CAPITALIA	142 178		1 893	3 946	1 893	3 946
CENTRO (CPL) LTD	183 300		4 491	5 030	4 491	5 030
CFS GANDEL RETAIL TRUST	441 476		2 853	3 354	2 853	3 354
CHEUNG KONG HOLDINGS	141 900		7 494	8 569	7 494	8 569
CHIBA BANK	116 000		4 441	4 697	4 441	4 697
CHUBB CORP	17 796		7 845	8 289	7 845	8 289
CI FUND MANAGEMENT	40 339		2 572	3 672	2 572	3 672
CINCINNATI FINL CORP	13 412		3 556	3 595	3 556	3 595
CIT GROUP	19 900		4 645	5 523	4 645	5 523
CITIGROUP	488 960		150 687	142 683	150 687	142 683
CLOSE BROTHERS GROUP	35 928		2 687	3 069	2 687	3 069
COMERICA	16 273		5 876	6 014	5 876	6 014
COMMERCE BANCORP N.J.	8 900		3 680	3 471	3 680	3 471
COMMERZBANK	42 845		4 585	5 347	4 585	5 347
COMMONWEALTH BANK	117 484		16 138	17 905	16 138	17 905
COMMONWEALTH PPTY OFFICE	497 163		2 869	2 951	2 869	2 951
COMPASS BANCSHARES	11 300		2 872	3 331	2 872	3 331
COUNTRYWIDE FINL CORP	52 510		8 708	11 770	8 708	11 770
CREDIT AGRICOLE	62 369		10 442	11 399	10 442	11 399
CREDIT SUISSE	106 879		22 339	27 212	22 339	27 212

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
DAIWA SECURITIES GROUP	112 900		4 367	4 938	4 367	4 938
DANSKE BANK	43 470		6 695	8 070	6 695	8 070
DBS GROUP HOLDINGS	105 400		5 658	6 296	5 658	6 296
DEPFA BANK	46 700		4 646	4 748	4 646	4 748
DEUTSCHE BANK NAMEN	46 196		22 082	24 842	22 082	24 842
DEUTSCHE BOERSE	12 359		4 745	4 505	4 745	4 505
DEXIA	58 765		6 062	8 186	6 062	8 186
DNB NOR HOLDING	65 000		2 847	3 884	2 847	3 884
DUKE REALTY CORP	16 600		3 611	3 432	3 611	3 432
EFG EUROBANK ERGASIAS	25 100		3 506	5 224	3 506	5 224
EQUITY OFFICE PROPERTIES	37 914		7 085	6 687	7 085	6 687
EQUITY RESIDENTIAL	26 399		5 222	5 785	5 222	5 785
ERSTE BANK OESTER. SPK.	15 304		2 209	4 951	2 209	4 951
EURONEXT	24 599		4 534	4 550	4 534	4 550
FAIRFAX FINANCIAL HLDGS	4 400		4 799	4 498	4 799	4 498
FANNIE MAE	91 160		42 697	39 317	42 697	39 317
FIDELITY NAT'L FINANCIAL	14 600		3 911	4 038	3 911	4 038
FIFTH THIRD BANCORP	45 405		17 669	13 002	17 669	13 002
FIRST HORIZON NATIONAL	10 200		3 020	2 663	3 020	2 663
FORTIS	109 895		14 678	18 411	14 678	18 411
FRANKLIN RESOURCES	14 100		4 423	5 948	4 423	5 948
FREDDIE MAC	64 653		26 025	28 859	26 025	28 859
FRIENDS PROVIDENT	257 541		4 764	4 612	4 764	4 612
GENERAL GROWTH PPTYS	19 500		3 133	4 271	3 133	4 271
GENERAL PROPERTY TRUST	218 089		3 455	3 873	3 455	3 873
GOLDEN WEST FINANCIAL	24 436		7 744	9 090	7 744	9 090
GOLDMAN SACHS GROUP	29 467		18 609	18 568	18 609	18 568
GREAT WEST LIFE CO	26 948		2 940	3 637	2 940	3 637
GROUPE BRUXELLES LAMBERT	8 391		2 751	4 138	2 751	4 138
HAMMERSON	43 595		3 689	4 403	3 689	4 403
HANG LUNG PROPERTIES	339 500		2 523	3 175	2 523	3 175
HANG SENG BANK	71 900		6 046	6 051	6 046	6 051
HARTFORD FINANCIAL SVCS	27 437		10 771	11 518	10 771	11 518
HBOS GROUP	365 694		30 991	36 060	30 991	36 060
HENDERSON LAND DEV.	140 000		4 738	4 407	4 738	4 407
HOKUHOKU FINANCIAL GROUP	313 700		2 870	5 192	2 870	5 192
HONG KONG EXCH. AND CLEARING	206 800		2 262	3 352	2 262	3 352
HOST MARRIOTT CORP	48 100		4 609	5 040	4 609	5 040
HSBC HOLDINGS (GB)	1 045 793		101 580	106 892	101 580	106 892
HUNTINGTON BANCSHARES	20 085		2 908	3 014	2 908	3 014
HYPO REAL ESTATE HOLDING	18 204		2 695	4 571	2 695	4 571
HYPOVEREINSBANK	58 854		7 382	8 091	7 382	8 091
ING GROEP	174 327		25 585	31 946	25 585	31 946
INSURANCE AUSTRALIA GRP.	149 554		3 190	4 566	3 190	4 566
IRISH LIFE AND PERMANENT	29 300		3 024	3 329	3 024	3 329
JEFFERSON-PILOT CORP	13 106		4 078	4 125	4 078	4 125
JPMORGAN CHASE AND CO	336 186		78 588	79 431	78 588	79 431
KBC BANCASSURANCE	10 229		2 823	4 758	2 823	4 758
KEYCORP	36 661		7 181	7 527	7 181	7 527
KIMCO REALTY CORP	11 800		3 645	4 144	3 645	4 144
LAND SECURITIES GROUP	43 824		5 050	7 134	5 050	7 134
LEGAL AND GENERAL GROUP	611 724		7 220	7 825	7 220	7 825
LEGG MASON COMMON	8 700		2 716	3 860	2 716	3 860
LEHMAN BROTHERS HOLDINGS	22 150		10 980	11 736	10 980	11 736
LEND LEASE	73 920		3 573	4 650	3 573	4 650
LIBERTY INTERNATIONAL	37 384		2 809	4 219	2 809	4 219
LINCOLN NATIONAL CORP	16 812		4 687	4 753	4 687	4 753
LLOYDS TSB GROUP	526 289		28 638	28 947	28 638	28 947
M AND T BANK CORP	6 700		4 180	4 376	4 180	4 376
MACQUARIE BANK	22 915		3 638	5 059	3 638	5 059
MAN GROUP	26 268		4 388	4 496	4 388	4 496
MANULIFE FINANCIAL CORP	76 330		16 880	21 376	16 880	21 376
MARSH AND MCLENNAN COS	46 781		15 029	9 322	15 029	9 322
MARSHALL AND ILSLEY CORP	17 800		4 914	4 765	4 914	4 765
MBIA	13 559		4 928	5 197	4 928	5 197
MBNA CORP	114 188		18 770	19 496	18 770	19 496
MEDIOBANCA	43 939		2 931	4 308	2 931	4 308
MEDIOLANUM	79 107		3 615	3 431	3 615	3 431
MELLON FINANCIAL CORP	39 877		8 268	7 514	8 268	7 514
MERCANTILE BANKSHARES	11 300		3 547	3 573	3 547	3 573
MERRILL LYNCH AND CO	83 984		30 213	30 403	30 213	30 403
METLIFE	71 071		15 724	17 438	15 724	17 438
MGIC INVESTMENT	9 279		3 455	3 873	3 455	3 873

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
MI DEVELOPMENTS A	36 992		6 674	6 741	6 674	6 741
MILLEA HOLDINGS	140		11 938	12 578	11 938	12 578
MITSUBISHI ESTATE CO	92 000		5 715	6 525	5 715	6 525
MITSUBISHI TOKYO FIN	426		22 105	26 187	22 105	26 187
MITSUMI FUDOSAN CO	65 800		3 613	4 842	3 613	4 842
MITSUMI SUMITOMO INS CO	120 600		5 572	6 344	5 572	6 344
MITSUMI TRUST HOLDINGS	98 000		4 565	5 931	4 565	5 931
MIZUHO FINANCIAL GROUP	730		14 211	22 264	14 211	22 264
MOODYS CORP	11 941		4 614	6 281	4 614	6 281
MORGAN STANLEY	93 018		33 764	31 279	33 764	31 279
MUENCHENER RUECKVERSICH.	17 275		13 232	12 863	13 232	12 863
NATIONAL AUSTRALIA BANK	141 814		20 434	19 405	20 434	19 405
NATIONAL BANK OF CANADA	16 196		3 034	4 058	3 034	4 058
NATIONAL BANK OF GREECE	23 796		3 213	4 756	3 213	4 756
NATIONAL CITY CORP	60 013		13 597	13 649	13 597	13 649
NEW YORK COMMUN. BANCORP	20 200		4 705	2 517	4 705	2 517
NIKKO CORDIAL CORP	147 000		4 456	4 718	4 456	4 718
NOMURA HOLDINGS	176 000		17 723	15 542	17 723	15 542
NORDEA BANK	206 774		9 093	12 626	9 093	12 626
NORTH FORK BANCORP.	39 469		7 439	6 897	7 439	6 897
NORTHERN TRUST CORP	16 623		4 808	4 891	4 808	4 891
OCBC BANK	100 600		4 780	5 039	4 780	5 039
OLD REPUBLIC INTL CORP	27 900		4 697	4 275	4 697	4 275
ORIX CORP	7 500		3 838	6 171	3 838	6 171
PLUM CREEK TIMBER COMMON	17 200		3 392	4 004	3 392	4 004
PMI GROUP	12 600		3 657	3 186	3 657	3 186
PNC FINL SERVICES GROUP	26 539		9 154	9 233	9 154	9 233
POWER CORP OF CANADA	29 698		3 273	4 654	3 273	4 654
POWER FINANCIAL CORP	24 000		2 891	3 881	2 891	3 881
PRICE (T. ROWE) GROUP	10 700		3 158	4 031	3 158	4 031
PROGRESSIVE CORP	17 987		9 371	9 243	9 371	9 243
PROLOGIS	17 100		3 690	4 488	3 690	4 488
PROMISE CO	9 900		2 817	4 283	2 817	4 283
PROVIDENT FINANCIAL	45 893		3 614	3 586	3 614	3 586
PROVIDIAN FINANCIAL CORP	39 400		3 539	3 930	3 539	3 930
PRUDENTIAL	222 729		12 308	11 732	12 308	11 732
PRUDENTIAL FINANCIAL	49 705		13 261	16 545	13 261	16 545
PUBLIC STORAGE COMMON	11 600		3 586	3 917	3 586	3 917
QBE INSURANCE GROUP	64 242		2 834	4 682	2 834	4 682
RADIAN GROUP	11 900		3 680	3 837	3 680	3 837
RAS ORD	28 396		2 938	3 890	2 938	3 890
REGIONS FINANCIAL (NEW)	41 375		8 681	8 919	8 681	8 919
RESONA HOLDINGS	427 600		3 551	5 257	3 551	5 257
ROYAL AND SUN ALLIANCE INS	311 668		3 420	2 809	3 420	2 809
ROYAL BANK OF CANADA	61 471		18 488	19 965	18 488	19 965
ROYAL BANK OF SCOTLAND	296 123		56 672	60 328	56 672	60 328
SAFECO CORP	11 754		2 941	3 719	2 941	3 719
SAN PAOLO - IMI	88 577		6 495	7 730	6 495	7 730
SCHWAB (CHARLES) CORP	96 230		7 232	6 971	7 232	6 971
SEVENTY-SEVEN BANK	77 300		2 502	3 294	2 502	3 294
SHIZUOKA BANK	59 000		2 767	3 386	2 767	3 386
SIMON PROPERTY GROUP	19 910		6 259	7 798	6 259	7 798
SKAND. ENSKILDA BANKEN A	44 423		3 931	5 203	3 931	5 203
SKANDIA FORSAKRING	141 500		3 813	4 269	3 813	4 269
SLM CORP	41 300		10 923	13 355	10 923	13 355
SOCIETE GENERALE	30 929		16 011	18 957	16 011	18 957
SOMPO JAPAN INSURANCE	70 100		3 041	4 326	3 041	4 326
SOVEREIGN BANCORP	32 300		4 875	4 411	4 875	4 411
ST PAUL TRAVELERS COS	63 099		15 999	14 167	15 999	14 167
STATE STREET CORP	31 549		10 277	9 386	10 277	9 386
STOCKLAND	239 641		6 470	6 815	6 470	6 815
SUMITOMO MITSUI FINL GRP	382		12 995	16 821	12 995	16 821
SUMITOMO REALTY AND DEV CO	53 500		1 403	4 225	1 403	4 225
SUMITOMO TRUST AND BANK	108 100		3 655	4 735	3 655	4 735
SUN HUNG KAI PROPERTIES	124 700		6 695	7 555	6 695	7 555
SUN LIFE FINANCIAL	56 462		9 208	11 459	9 208	11 459
SUNCORP-METWAY	50 473		2 799	4 165	2 799	4 165
SUNTRUST BANKS	32 048		13 858	14 340	13 858	14 340
SVENSKA HANDELSBK A	51 996		6 675	8 198	6 675	8 198
SWIRE PACIFIC A	87 600		3 204	4 437	3 204	4 437
SWISS REINSURANCE CO	30 292		14 099	13 085	14 099	13 085
SYNOVUS FINANCIAL CORP	22 900		3 908	3 964	3 908	3 964
T AND D HOLDINGS	17 000		3 674	4 924	3 674	4 924

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
TAKEFUJI CORP	9 340		3 102	3 826	3 102	3 826
THREE I GROUP	57 714		3 947	4 470	3 947	4 470
TOPDANMARK	8 393		2 370	4 003	2 370	4 003
TORCHMARK CORP	10 500		3 823	3 634	3 823	3 634
UBS NAMEN	100 560		43 190	51 072	43 190	51 072
UFJ HOLDINGS	359		9 067	13 177	9 067	13 177
UNIBAIL HOLDING	4 823		2 561	4 598	2 561	4 598
UNICREDITO ITALIANO ORD	414 439		13 514	14 432	13 514	14 432
UNITED OVERSEAS BANK	110 400		5 661	5 653	5 661	5 653
UNUMPROVIDENT CORP	29 966		3 288	3 256	3 288	3 256
US BANCORP	178 296		32 183	33 822	32 183	33 822
VORNADO REALTY TRUST	10 600		3 687	4 888	3 687	4 888
WACHOVIA CORP (NEW)	151 344		43 190	48 215	43 190	48 215
WASHINGTON MUTUAL	81 913		22 171	20 976	22 171	20 976
WELLS FARGO AND CO	158 695		59 277	59 736	59 277	59 736
WESTFIELD GROUP	134 419		8 617	10 486	8 617	10 486
WESTPAC BANKING	165 770		12 162	15 339	12 162	15 339
WHARF HOLDINGS	155 400		2 782	3 294	2 782	3 294
WHLBORGS FASTIGHETER B	33 582		3 038	4 285	3 038	4 285
XL CAPITAL	13 028		6 945	6 127	6 945	6 127
ZIONS BANCORP	7 100		2 672	2 925	2 672	2 925
ZURICH FINL SERVICES	13 545		12 071	13 679	12 071	13 679
TOTAL, FINANCE			2 610 858	2 845 070	2 610 858	2 845 070
AES CORP	58 800		3 692	4 868	3 692	4 868
AMEREN CORP	18 120		5 473	5 503	5 473	5 503
AMERICAN ELECTRIC POWER	37 227		7 653	7 743	7 653	7 743
AUSTRALIAN GAS LIGHT CO	76 724		4 703	4 991	4 703	4 991
CENTERPOINT ENERGY	60 400		4 734	4 134	4 734	4 134
CENTRICA	362 061		11 147	9 946	11 147	9 946
CHUBU ELECTRIC POWER CO	62 400		8 319	9 073	8 319	9 073
CINERGY CORP	16 049		3 988	4 047	3 988	4 047
CLP HOLDINGS	170 100		5 508	5 925	5 508	5 925
CONSOLIDATED EDISON	22 618		6 305	5 993	6 305	5 993
CONSTELLATION ENERGY GRP	16 366		3 860	4 333	3 860	4 333
DOMINION RESOURCES	32 151		13 986	13 191	13 986	13 191
DTE ENERGY	16 363		4 716	4 274	4 716	4 274
DUKE ENERGY CORP	86 057		16 125	13 202	16 125	13 202
E. ON	58 579		25 797	32 340	25 797	32 340
EDISON INTERNATIONAL	27 600		4 165	5 354	4 165	5 354
EDP ENERGIAS DE PORTUGAL	430 791		7 219	7 909	7 219	7 909
ELECTRABEL	2 581		5 193	6 969	5 193	6 969
ENDESA	89 626		10 095	12 757	10 095	12 757
ENEL	345 269		16 653	20 554	16 653	20 554
ENERGY CORP	21 614		7 759	8 848	7 759	8 848
EXELON CORP	61 894		12 942	16 521	12 942	16 521
FIRSTENERGY CORP	30 984		7 559	7 414	7 559	7 414
FORTUM CORP	42 341		2 295	4 748	2 295	4 748
FPL GROUP	16 475		7 072	7 459	7 072	7 459
GAS NATURAL SDG	21 935		3 748	4 110	3 748	4 110
HOKKAIDO ELECTRIC POWER	31 800		3 538	3 787	3 538	3 787
HONGKONG CHINA GAS	345 400		3 481	4 320	3 481	4 320
HONGKONG ELECTRIC HLDGS	130 300		3 606	3 604	3 606	3 604
IBERDROLA	72 078		8 598	11 096	8 598	11 096
KANSAI ELECTRIC POWER CO	67 900		7 718	8 348	7 718	8 348
KEYSPAN CORP	15 100		3 691	3 608	3 691	3 608
KYUSHU ELECTRIC POWER CO	37 900		4 271	4 637	4 271	4 637
NATIONAL GRID TRANSCO	289 567		14 477	16 701	14 477	16 701
NISOURCE	24 791		3 476	3 420	3 476	3 420
OSAKA GAS CO	189 700		3 437	3 588	3 437	3 588
PEPCO HOLDINGS	23 700		3 024	3 060	3 024	3 060
PG AND E CORP	39 773		6 280	8 017	6 280	8 017
PPL CORP	16 703		4 568	5 390	4 568	5 390
PROGRESS ENERGY	22 016		6 529	6 032	6 529	6 032
PUBLIC SV ENTERPRISE CO	22 251		5 836	6 977	5 836	6 977
RWE STAMM	36 923		9 319	12 372	9 319	12 372
RWE VORZUG	13 496		2 847	3 801	2 847	3 801
SCOTTISH AND SOUTH. ENERGY	80 649		6 371	8 182	6 371	8 182
SCOTTISH POWER	174 904		7 720	8 201	7 720	8 201
SEMPRA ENERGY	19 493		3 813	4 331	3 813	4 331
SEVERN TRENT	33 017		2 651	3 713	2 651	3 713
SNAM RETE GAS	137 587		4 485	4 848	4 485	4 848
SOUTHERN CO	69 407		13 655	14 091	13 655	14 091

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
SUEZ	75 578		10 830	12 207	10 830	12 207
TOHOKU ELECTRIC POWER CO	40 200		4 296	4 372	4 296	4 372
TOKYO ELECTRIC POWER CO	108 200		16 540	16 084	16 540	16 084
TOKYO GAS CO	238 100		5 588	5 911	5 588	5 911
TRANSCANAD CORP	68 253		9 164	10 282	9 164	10 282
TXU CORP	27 129		4 531	10 608	4 531	10 608
UNION FENOSA	25 124		2 730	4 002	2 730	4 002
UNITED UTILITIES	52 382		3 262	3 837	3 262	3 837
UNITED UTILITIES A	80 886		2 694	4 209	2 694	4 209
VEOLIA ENVIRONNEMENT	24 779		4 731	5 432	4 731	5 432
WISCONSIN ENERGY CORP	17 000		3 635	3 471	3 635	3 471
XCEL ENERGY	37 600		4 169	4 145	4 169	4 145
TOTAL, SUPPLIES			416 264	468 890	416 264	468 890
ACCENTURE A	38 500		6 434	6 296	6 434	6 296
ADOBE SYSTEMS	22 502		5 860	8 551	5 860	8 551
ADVANCED MICRO DEVICES	29 800		2 792	3 974	2 792	3 974
ADVANTEST CORP	7 800		3 348	4 052	3 348	4 052
AGERE SYSTEMS B	214 200		4 769	1 751	4 769	1 751
AGILENT TECHNOLOGIES	40 721		6 605	5 944	6 605	5 944
ALCATEL	114 855		7 705	10 826	7 705	10 826
ALTERA CORP	35 200		4 920	4 413	4 920	4 413
ANALOG DEVICES	35 315		10 568	7 897	10 568	7 897
APPLE COMPUTER	35 730		5 508	13 936	5 508	13 936
APPLIED MATERIALS	159 385		24 454	16 507	24 454	16 507
ARM HOLDINGS	259 633		3 802	3 336	3 802	3 336
ASML HLDG	45 432		4 658	4 417	4 658	4 417
ATI TECHNOLOGIES	34 100		3 823	4 009	3 823	4 009
AUTOMATIC DATA PROCESS	55 516		18 310	14 912	18 310	14 912
AVAYA INC.	39 600		4 157	4 125	4 157	4 125
BEA SYSTEMS	36 581		2 892	1 963	2 892	1 963
BMC SOFTWARE	25 922		3 031	2 920	3 031	2 920
BROADCOM CORP A	23 813		4 742	4 656	4 742	4 656
BUSINESS OBJECTS	24 607		4 344	3 764	4 344	3 764
CADENCE DESIGN SYSTEMS	25 531		2 818	2 135	2 818	2 135
CANON INC	78 900		24 164	25 789	24 164	25 789
CELESTICA SV	31 791		3 516	2 716	3 516	2 716
CGI GROUP A	75 447		2 863	3 051	2 863	3 051
CISCO SYSTEMS	627 225		92 471	73 318	92 471	73 318
CITIZEN WATCH CO	50 000		2 112	2 911	2 112	2 911
CITRIX SYSTEMS	20 600		3 021	3 061	3 021	3 061
COMPUTER ASSOC INT'L	44 024		6 775	8 282	6 775	8 282
COMPUTER SCIENCES CORP	17 667		4 889	6 032	4 889	6 032
CORNING	129 072		8 004	9 201	8 004	9 201
DELL	213 598		46 207	54 516	46 207	54 516
DST SYSTEMS	11 300		3 547	3 567	3 547	3 567
ELECTROCOMPONENTS	81 199		3 559	2 689	3 559	2 689
ELECTRONIC ARTS	28 498		8 311	10 646	8 311	10 646
ELECTRONIC DATA SYSTEMS	47 754		6 374	6 681	6 374	6 681
EMC CORP	227 600		17 165	20 498	17 165	20 498
EPCOS	26 642		3 793	2 413	3 793	2 413
ERICSSON (LM) B	1 383 329		18 481	26 728	18 481	26 728
FIRM LTD	86 000		7 363	441	7 363	441
FIRST DATA CORP	82 094		22 202	21 152	22 202	21 152
FISERV	18 361		4 627	4 469	4 627	4 469
FLEXTRONICS INT'L	52 300		5 245	4 378	5 245	4 378
FREESCALE SEMICONDUCTOR INC B-AKSJER	24 342		2 372	2 707	2 372	2 707
FUJITSU	165 200		5 765	6 513	5 765	6 513
GOOGLE CLASS A	4 100		4 591	4 795	4 591	4 795
HEWLETT-PACKARD CO	272 465		39 608	34 605	39 608	34 605
HIROSE ELECTRIC CO	3 800		2 820	2 691	2 820	2 691
HITACHI	301 000		13 725	12 632	13 725	12 632
HOYA CORP	10 000		5 763	6 839	5 763	6 839
IBM CORP	158 502		95 733	94 636	95 733	94 636
INFINEON TECHNOLOGIES	59 767		5 000	3 926	5 000	3 926
INTEL CORP	608 414		127 154	86 191	127 154	86 191
INTUIT	17 078		6 066	4 552	6 066	4 552
JABIL CIRCUIT	16 463		2 752	2 551	2 752	2 551
JDS UNIPHASE CORP	287 131		6 638	5 513	6 638	5 513
JUNIPER NETWORKS	42 400		5 085	6 982	5 085	6 982
KEYENCE CORP	3 035		4 027	4 119	4 027	4 119
KLA TENCOR CORP	18 488		6 538	5 216	6 538	5 216
KONAMI CO	24 200		4 200	3 397	4 200	3 397

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
KONICA MINOLTA HOLDINGS	40 100		3 584	3 223	3 584	3 223
KYOCERA CORP	15 300		7 228	7 135	7 228	7 135
LEXMARK INTERNATIONAL A	12 200		6 513	6 281	6 513	6 281
LINEAR TECHNOLOGY CORP	29 087		7 433	6 828	7 433	6 828
LOGICACMG	161 374		3 308	3 617	3 308	3 617
LUCENT TECHNOLOGIES	403 109		7 731	9 180	7 731	9 180
MABUCHI MOTOR CO	8 000		4 263	3 494	4 263	3 494
MARVELL TECHNOLOGY GROUP	23 000		3 678	4 941	3 678	4 941
MAXIM INTEGRATED PRDCT	30 345		9 382	7 791	9 382	7 791
MERCURY INTERACTIVE CORP	9 400		2 719	2 593	2 719	2 593
MICROCHIP TECHNOLOGY	13 900		2 468	2 244	2 468	2 244
MICRON TECHNOLOGY	51 718		5 400	3 868	5 400	3 868
MICROSOFT CORP	924 266		155 642	149 521	155 642	149 521
MOTOROLA	220 461		21 480	22 966	21 480	22 966
MURATA MANUFACTURING CO	20 900		7 265	7 078	7 265	7 078
NATIONAL SEMICONDUCTOR	30 000		4 370	3 262	4 370	3 262
NEC CORP	154 400		6 589	5 813	6 589	5 813
NETWORK APPLIANCE	31 079		3 930	6 253	3 930	6 253
NIDEC CORP	5 000		3 668	3 691	3 668	3 691
NIKON CORP	50 900		4 131	3 809	4 131	3 809
NINTENDO CO	9 300		6 498	7 075	6 498	7 075
NOKIA CORP	438 668		51 880	41 964	51 880	41 964
NORTEL NETWORKS CORP	401 413		10 146	8 441	10 146	8 441
NOVELLUS SYSTEMS	17 710		4 172	2 992	4 172	2 992
NTT DATA CORP	165		4 192	3 228	4 192	3 228
OBIC CO	2 200		2 810	2 646	2 810	2 646
OCE	29 507		2 369	2 735	2 369	2 735
OKI ELECTRIC INDUSTRY CO	119 600		2 757	3 117	2 757	3 117
OMRON CORP	26 500		4 710	3 830	4 710	3 830
ONEX CORP	38 317		2 908	3 825	2 908	3 825
ORACLE CORP	366 475		32 544	30 453	32 544	30 453
ORACLE CORP JAPAN	11 400		3 070	3 578	3 070	3 578
PAYCHEX	31 965		7 542	6 598	7 542	6 598
QLOGIC CORP	18 738		4 922	4 168	4 922	4 168
QUALCOMM	152 410		28 098	39 139	28 098	39 139
RICOH CO	62 600		7 696	7 315	7 696	7 315
ROHM CO	10 100		8 504	6 328	8 504	6 328
SABRE HOLDINGS CORP	21 400		3 071	2 872	3 071	2 872
SAGE GROUP (THE)	315 764		6 102	7 426	6 102	7 426
SANMINA - SCI CORP	61 100		4 704	3 134	4 704	3 134
SAP STAMM	19 288		16 896	20 865	16 896	20 865
SCIENTIFIC-ATLANTA	15 600		3 485	3 119	3 485	3 119
SIEBEL SYSTEMS	52 327		3 880	3 328	3 880	3 328
SOFTBANK CORP	21 500		4 075	6 341	4 075	6 341
SOLETRON	75 668		2 705	2 443	2 705	2 443
STMICROELECTRONICS	55 315		8 649	6 535	8 649	6 535
SUN MICROSYSTEMS	312 848		8 973	10 194	8 973	10 194
SUNGARD DATA SYSTEMS	27 255		4 778	4 677	4 778	4 677
SYNOPSYS	17 700		3 706	2 103	3 706	2 103
TDK CORP	11 300		4 553	5 069	4 553	5 069
TELECOM ITALIA MEDIA ORD	1 543 450		4 530	4 230	4 530	4 230
TELLABS	56 239		3 084	2 926	3 084	2 926
TERADYNE	19 500		2 839	2 016	2 839	2 016
TEXAS INSTRUMENTS	162 785		30 591	24 274	30 591	24 274
TIETOENATOR	15 635		2 275	3 012	2 275	3 012
TOKYO ELECTRON	16 100		6 853	6 005	6 853	6 005
TOSHIBA CORP	272 700		7 494	7 092	7 494	7 092
UNISYS CORP	40 169		3 581	2 477	3 581	2 477
USIENERGY INC	202 200		16 222	3 539	16 222	3 539
VERISIGN	24 100		2 728	4 893	2 728	4 893
VERITAS SOFTWARE CORP	40 636		8 123	7 027	8 123	7 027
XEROX CORP	75 230		5 999	7 750	5 999	7 750
XILINX	32 673		7 420	5 867	7 420	5 867
YAHOO	115 536		16 538	26 367	16 538	26 367
YAHOO JAPAN CORP	200		7 062	5 816	7 062	5 816
YOKOGAWA ELECTRIC CORP	31 900		1 663	2 583	1 663	2 583
TOTAL, IT			1 426 244	1 345 793	1 426 244	1 345 793
AT AND T CORP	74 643		11 053	8 617	11 053	8 617
BCE INC	28 708		4 016	4 197	4 016	4 197
BELGACOM	17 900		3 645	4 686	3 645	4 686
BELLSOUTH CORP	172 493		32 495	29 033	32 495	29 033
BOUYGUES ORD	19 562		4 372	5 476	4 372	5 476

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
BT GROUP	806 483		17 931	19 037	17 931	19 037
CABLE AND WIRELESS	190 600		2 887	2 643	2 887	2 643
DEUTSCHE TELEKOM	257 521		28 962	35 299	28 962	35 299
FRANCE TELECOM	139 709		24 304	28 018	24 304	28 018
KPN (KON.)	187 438		9 183	10 786	9 183	10 786
NEXTEL COMMUNICATIONS A	96 022		14 290	17 447	14 290	17 447
NTT CORP	489		15 482	13 295	15 482	13 295
NTT DOCOMO	1 888		28 336	21 091	28 336	21 091
OTE HELLENIC TELECOM.	34 179		2 798	3 720	2 798	3 720
PCCW	818 000		3 790	3 139	3 790	3 139
PORTUGAL TELECOM SGPS	76 684		4 621	5 745	4 621	5 745
QWEST COMMUNI. INT'L	128 126		3 523	3 446	3 523	3 446
SBC COMMUNICATIONS	311 478		64 355	48 615	64 355	48 615
SINGAPORE TELECOMMUNICATIONS LTD	627 080		4 477	5 537	4 477	5 537
SWISSCOM	2 491		5 339	5 944	5 339	5 944
TDC	17 273		3 777	4 430	3 777	4 430
TELE2 B	14 650		4 756	3 485	4 756	3 485
TELECOM CORP NEW ZEALAND	182 154		3 941	4 901	3 941	4 901
TELECOM ITALIA ORD (NEW)	775 653		15 104	19 221	15 104	19 221
TELECOM ITALIA RNC (NEW)	545 154		7 359	10 713	7 359	10 713
TELEFONICA	419 526		41 893	47 869	41 893	47 869
TELEKOM AUSTRIA	39 845		3 742	4 576	3 742	4 576
TELENOR	76 400		3 813	4 202	4 727	4 202
TELEPHONE AND DATA SYSTEMS	7 600		3 661	3 542	3 661	3 542
TELIAISONERA	175 968		5 077	6 383	5 077	6 383
TELSTRA CORP	201 924		4 391	4 707	4 391	4 707
TELUS CORP N-VTG	28 800		4 446	5 058	4 446	5 058
TIM ORD	356 979		15 984	16 164	15 984	16 164
TRANSALTA CORP	48 400		4 705	4 416	4 705	4 416
VERIZON COMMUNICATIONS	260 534		77 021	63 923	77 021	63 923
VODAFONE GROUP	6 242 744		93 946	102 536	93 946	102 536
TOTAL, TELECOM			579 473	581 896	580 387	581 896
ABBOTT LABORATORIES	139 694		38 515	39 470	38 515	39 470
AETNA	14 289		6 043	10 796	6 043	10 796
ALLIANCE UNICHEM	48 279		3 511	4 236	3 511	4 236
ALTANA	7 308		2 916	2 798	2 916	2 798
AMERISOURCEBERGEN	10 600		4 262	3 767	4 262	3 767
AMGEN	121 865		51 502	47 349	51 502	47 349
APPLERA CORP-APPLIED BIO	20 878		3 022	2 644	3 022	2 644
ASTRA ZENECA LTD.	157 652		46 547	34 629	46 547	34 629
BARD (C.R.)	9 800		3 745	3 798	3 745	3 798
BAXTER INTERNATIONAL	57 660		15 382	12 062	15 382	12 062
BECTON DICKINSON	23 791		6 526	8 185	6 526	8 185
BIODEN IDEC	31 969		9 740	12 897	9 740	12 897
BIOMET	22 774		5 499	5 985	5 499	5 985
BIOVAIL CORP	29 936		4 298	2 995	4 298	2 995
BOSTON SCIENTIFIC CORP	58 916		13 380	12 685	13 380	12 685
BRISTOL-MYERS SQUIBB CO	182 850		48 010	28 373	48 010	28 373
CARDINAL HEALTH	40 470		17 324	14 253	17 324	14 253
CAREMARK RX	40 900		8 048	9 767	8 048	9 767
CELESIO (GEHE)	9 293		2 896	4 578	2 896	4 578
CHIRON CORP	11 762		3 769	2 374	3 769	2 374
CHUGAI PHARMACEUTICAL CO	29 800		2 965	2 984	2 965	2 984
CIGNA CORP	13 350		5 072	6 595	5 072	6 595
DAIICHI PHARMACEUTICAL	25 000		2 702	3 273	2 702	3 273
EISAI CO	23 700		4 435	4 721	4 435	4 721
ELAN CORP	36 335		5 158	5 863	5 158	5 863
ESSILOR INTERNATIONAL	9 181		2 968	4 357	2 968	4 357
EXPRESS SCRIPTS COMMON	7 000		2 970	3 241	2 970	3 241
FISHER SCIENTIFIC INTERNATIONAL	13 300		4 601	5 024	4 601	5 024
FRESENIUS MED. CARE ST	7 206		3 574	3 513	3 574	3 513
FUJISAWA PHARMACEUTICAL	26 400		3 782	4 377	3 782	4 377
GENENTECH	45 024		11 846	14 845	11 846	14 845
GENZYME GENERAL DIVISION	21 312		6 374	7 496	6 374	7 496
GILEAD SCIENCES	40 300		8 053	8 540	8 053	8 540
GLAXOSMITHKLINE	556 019		93 678	79 008	93 678	79 008
GN STORE NORD	52 500		3 570	3 428	3 570	3 428
GUIDANT CORP	29 496		10 232	12 880	10 232	12 880
HCA	35 823		9 863	8 670	9 863	8 670
HEALTH MANAGEMENT ASSO.	18 800		2 908	2 587	2 908	2 587
HOSPIRA	20 489		4 693	4 157	4 693	4 157
IMS HEALTH	22 100		3 578	3 107	3 578	3 107

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
JOHNSON AND JOHNSON	279 246		109 104	107 262	109 104	107 262
LABORATORY CORP OF AMER	13 300		3 067	4 013	3 067	4 013
LILLY (ELI) AND CO	95 663		50 880	32 881	50 880	32 881
LINCARE HOLDINGS	15 400		3 331	3 978	3 331	3 978
MAYNE GROUP	242 009		3 386	4 895	3 386	4 895
MCKESSON CORP	26 169		5 381	4 986	5 381	4 986
MEDCO HEALTH SOLUTIONS	25 504		8 026	6 426	8 026	6 426
MEDIMMUNE	23 363		4 122	3 836	4 122	3 836
MEDTRONIC	113 987		39 638	34 291	39 638	34 291
MERCK AND CO	209 007		73 448	40 685	73 448	40 685
MERCK KGAA STAMM	10 535		2 344	4 390	2 344	4 390
MILLENNIUM PHARM	39 500		4 660	2 900	4 660	2 900
NOBEL BIOCARE HOLDING AG	3 600		3 593	3 950	3 593	3 950
NOVARTIS	223 975		69 665	68 358	69 665	68 358
NOVO NORDISK B	24 069		6 981	7 965	6 981	7 965
OLYMPUS CORP	29 800		3 739	3 849	3 739	3 849
OMNICARE	12 400		3 584	2 600	3 584	2 600
PATTERSON COS	14 400		3 675	3 784	3 675	3 784
PFIZER	712 676		185 263	116 069	185 263	116 069
QUEST DIAGNOSTICS	7 774		3 712	4 499	3 712	4 499
ROCHE HOLDING GENUSS	66 082		43 131	46 074	43 131	46 074
SANKYO CO	35 100		3 767	4 803	3 767	4 803
SANOFI-AVENTIS	92 602		40 437	44 826	40 437	44 826
SCHERING	15 510		5 220	7 024	5 220	7 024
SERONO PORTEUR B	855		3 634	3 411	3 634	3 411
SHIONOGI AND CO	32 800		3 531	2 747	3 531	2 747
SMITH AND NEPHEW	87 805		4 786	5 442	4 786	5 442
ST JUDE MEDICAL	33 154		6 445	8 420	6 445	8 420
STRYKER CORP	24 490		6 804	7 157	6 804	7 157
SYNTHE	4 680		2 443	3 178	2 443	3 178
TAISHO PHARMACEUTICAL CO	26 000		3 434	3 427	3 434	3 427
TAKEDA PHARMACEUTICAL	83 600		25 328	25 497	25 328	25 497
TENET HEALTHCARE CORP	44 347		3 533	2 949	3 533	2 949
TERUMO CORP	23 300		3 454	3 801	3 454	3 801
THERMO ELECTRON	17 400		3 600	3 182	3 600	3 182
UCB (GROUPE)	11 659		2 978	3 590	2 978	3 590
UNITEDHEALTH GROUP	62 804		23 321	33 485	23 321	33 485
VARIAN MEDICAL SYSTEMS	12 800		2 836	3 352	2 836	3 352
WATERS CORP	13 353		2 729	3 784	2 729	3 784
WELLPOINT INC	27 736		11 058	19 319	11 058	19 319
WYETH	125 406		41 859	32 349	41 859	32 349
YAMANOUCHI PHARM.	28 900		5 716	6 816	5 716	6 816
ZIMMER HOLDINGS	22 959		9 861	11 141	9 861	11 141
TOTAL, HEALTH			1 335 464	1 199 698	1 335 464	1 199 698
3M CO	69 956		37 382	34 773	37 382	34 773
ABB LTD	175 468		5 519	5 935	5 519	5 935
ABERTIS INFRAESTRUCTURAS	31 899		2 759	4 254	2 759	4 254
ACCIONA	7 553		2 654	4 048	2 654	4 048
ACS ACTIVIDADES DE CONSTRUCCION Y	28 803		2 724	3 984	2 724	3 984
ADECCO	12 322		4 678	3 757	4 678	3 757
AMERICAN PWR CONVERSION	30 900		4 814	4 005	4 814	4 005
AMERICAN STANDARD COS	17 400		3 551	4 355	3 551	4 355
AP MOLLER MAERSK B	103		4 309	5 153	4 309	5 153
APOLLO GROUP A	14 300		6 984	6 990	6 984	6 990
ASAHI GLASS CO	71 800		3 547	4 796	3 547	4 796
ASSA ABLOY B	80 338		7 863	8 311	7 863	8 311
ATLAS COPCO A	14 800		3 573	4 047	3 573	4 047
AUTOSTRADA (NEW)	26 100		2 912	4 233	2 912	4 233
AVERY DENNISON CORP	8 811		3 619	3 200	3 619	3 200
BAE SYSTEMS	288 171		6 183	7 724	6 183	7 724
BALFOUR BEATTY	118 318		2 733	4 337	2 733	4 337
BALLARD POWER SYSTEMS	57 291		4 372	2 363	4 372	2 363
BBA GROUP	103 299		2 688	3 432	2 688	3 432
BENESSE CORP	22 300		4 567	4 732	4 567	4 732
BLOCK (H AND R)	15 647		5 033	4 644	5 033	4 644
BOEING CO	67 964		18 684	21 310	18 684	21 310
BOMBARDIER B	113 600		3 262	1 367	3 262	1 367
BPB	72 600		2 922	3 995	2 922	3 995
BRAMBLES INDUSTRIES LTD	116 271		2 729	3 837	2 729	3 837
BRAMBLES INDUSTRIES PLC	134 614		3 530	4 074	3 530	4 074
BUNZL	59 352		2 884	2 999	2 884	2 999
BURLINGTON NTHN SANTA FE	34 842		7 351	9 984	7 351	9 984

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
BAA	100 740		6 049	6 841	6 049	6 841
CANADIAN NAT'L RAILWAY	26 803		6 784	9 900	6 784	9 900
CAPITA GROUP	103 688		2 974	4 410	2 974	4 410
CAREER EDUCATION CORP	8 400		3 838	2 035	3 838	2 035
CATERPILLAR	32 164		16 256	18 996	16 256	18 996
CATHAY PACIFIC AIRWAYS	225 200		2 374	2 580	2 374	2 580
CENDANT CORP	95 964		14 475	13 589	14 475	13 589
CENTRAL JAPAN RAILWAY CO	95		5 177	4 700	5 177	4 700
CHOICEPOINT	12 100		3 518	3 370	3 518	3 370
CINTAS CORP	21 600		6 513	5 738	6 513	5 738
COOPER INDUSTRIES A	8 700		2 877	3 577	2 877	3 577
CP RAILWAY	24 346		4 069	5 058	4 069	5 058
CP SHIPS	30 291		3 471	2 632	3 471	2 632
CSX CORP	20 171		4 446	4 897	4 446	4 897
DAI NIPPON PRINTING CO	60 900		5 914	5 918	5 914	5 918
DAIKIN INDUSTRIES	19 500		2 841	3 412	2 841	3 412
DANAHER CORP	23 198		6 600	8 066	6 600	8 066
DEERE AND CO	23 467		9 804	10 575	9 804	10 575
DEUTSCHE POST	41 867		4 995	5 825	4 995	5 825
DONNELLEY (RR) AND SONS	19 400		3 946	4 147	3 946	4 147
DOVER CORP	19 177		4 718	4 871	4 718	4 871
EADS	22 965		3 448	4 044	3 448	4 044
EAST JAPAN RAILWAY CO	320		11 131	10 781	11 131	10 781
EATON CORP	13 452		4 597	5 895	4 597	5 895
EMERSON ELECTRIC CO	39 699		16 109	16 855	16 109	16 855
EQUIFAX	18 231		3 046	3 103	3 046	3 103
EXEL	74 615		6 252	6 273	6 252	6 273
EXPEDITORS INTL WASH.	11 600		3 175	3 926	3 175	3 926
FANUC	13 500		4 956	5 346	4 956	5 346
FEDEX CORP	26 671		12 334	15 910	12 334	15 910
FINMECCANICA	1 285 727		6 382	7 052	6 382	7 052
FLUOR CORP	13 200		3 513	4 358	3 513	4 358
FOMENTO CONST Y CONTR	12 253		2 490	3 574	2 490	3 574
FURUKAWA ELECTRIC CO	146 000		3 628	4 902	3 628	4 902
GENERAL DYNAMICS CORP	15 903		9 746	10 075	9 746	10 075
GENERAL ELECTRIC CO	997 644		248 168	220 547	248 168	220 547
GOLMAN OCEAN GROUP LTD	36 000		134	137	134	137
GRAINGER (WW)	9 900		3 276	3 995	3 276	3 995
HAYS	241 394		3 670	3 488	3 670	3 488
HONEYWELL INTERNATIONAL	76 845		15 905	16 481	15 905	16 481
HUTCHISON WHAMPOA	201 100		9 848	11 400	9 848	11 400
ILLINOIS TOOL WORKS	24 825		13 339	13 935	13 339	13 935
INGERSOLL-RAND CO A	16 349		6 574	7 951	6 574	7 951
INVENSYS	1 502 275		3 057	2 708	3 057	2 708
ITOCHU CORP	139 700		2 457	3 914	2 457	3 914
ITT INDUSTRIES	7 805		3 667	3 992	3 667	3 992
JAPAN AIRLINES CORP	165 600		2 573	2 907	2 573	2 907
JGC CORP	47 700		2 364	2 642	2 364	2 642
JS GROUP CORP	23 400		2 526	2 574	2 526	2 574
KAJIMA CORP	155 000		4 510	4 040	4 510	4 040
KEPPEL CORP	127 300		2 487	4 062	2 487	4 062
KIDDE	246 709		2 463	4 777	2 463	4 777
KINTETSU CORP	309 900		6 476	6 484	6 476	6 484
KOMATSU	89 600		2 830	3 797	2 830	3 797
KONE B	7 804		2 197	3 668	2 197	3 668
KUBOTA CORP	114 100		2 863	3 426	2 863	3 426
LOCKHEED MARTIN CORP	35 943		12 842	12 093	12 842	12 093
LUFTHANSA	45 532		4 069	3 955	4 069	3 955
MACQUARIE INFRASTRUCTURE	238 926		3 846	3 857	3 846	3 857
MAN STAMM	14 872		3 696	3 470	3 696	3 470
MANPOWER	11 100		3 572	3 247	3 572	3 247
MARUBENI CORP	250 000		4 549	4 197	4 549	4 197
MASCO CORP	41 201		7 164	9 116	7 164	9 116
MATSUSHITA ELECT WORKS	56 600		2 943	2 987	2 943	2 987
METSO CORP	36 047		2 811	3 460	2 811	3 460
mitsubishi corp	103 000		6 434	8 060	6 434	8 060
mitsubishi electric corp	161 900		4 120	4 804	4 120	4 804
mitsubishi heavy ind	270 500		4 849	4 653	4 849	4 653
mitsui and co	119 100		5 358	6 469	5 358	6 469
mitsui osk lines	100 100		1 861	3 639	1 861	3 639
MTR CORP	329 602		2 807	3 198	2 807	3 198
NGK INSULATORS	85 000		4 804	4 924	4 804	4 924
NIPPON EXPRESS CO	110 000		4 654	3 283	4 654	3 283

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
NIPPON YUSEN K.K.	126 000		3 604	4 111	3 604	4 111
NORFOLK SOUTHERN CORP	36 846		5 838	8 076	5 838	8 076
NORTHROP GRUMMAN CORP	30 700		9 969	10 108	9 969	10 108
OBAYASHI CORP	99 900		2 179	3 814	2 179	3 814
ODAKYU ELECTRIC RAILWAY	102 000		3 608	3 581	3 608	3 581
PACCAR	15 550		5 452	7 580	5 452	7 580
PARKER HANNIFIN CORP	11 226		4 108	5 150	4 108	5 150
PATRICK CORP	122 427		2 496	3 825	2 496	3 825
PEN AND ORIENTAL STEAM	136 183		3 613	4 711	3 613	4 711
PILKINGTON	281 114		2 540	3 596	2 540	3 596
PIRELLI AND CO ORD	433 912		2 606	3 544	2 606	3 544
PITNEY BOWES	21 693		5 845	6 081	5 845	6 081
RAYTHEON	42 659		9 319	10 033	9 319	10 033
RENTOKIL INITIAL	200 060		4 363	3 437	4 363	3 437
REPUBLIC SERVICES	17 200		2 847	3 494	2 847	3 494
ROBERT HALF INT'L	20 554		2 972	3 664	2 972	3 664
ROCKWELL AUTOMATION	17 500		3 626	5 252	3 626	5 252
ROCKWELL COLLINS	16 685		2 995	3 986	2 995	3 986
ROLLS-ROYCE GROUP	167 721		4 818	4 817	4 818	4 817
RYANAIR HOLDINGS	117 793		5 573	5 091	5 573	5 091
SACYR VALLEHERMOSO	67 847		6 057	6 786	6 057	6 786
SAINT-GOBAIN	28 906		8 335	10 547	8 335	10 547
SANDVIK	20 787		4 258	5 077	4 258	5 077
SCHNEIDER ELECTRIC	20 741		8 607	8 742	8 607	8 742
SECOM CO	19 500		5 682	4 726	5 682	4 726
SECURITAS B	73 672		6 506	7 655	6 506	7 655
SGS	745		2 245	3 161	2 245	3 161
SHIMIZU CORP	122 400		2 432	3 719	2 432	3 719
SIEMENS	75 518		38 600	38 782	38 600	38 782
SKF B	14 900		3 653	4 020	3 653	4 020
SMC CORP	5 100		3 476	3 536	3 476	3 536
SMITHS GROUP	52 843		4 369	5 051	4 369	5 051
SPX CORP	12 300		4 319	2 984	4 319	2 984
SUMITOMO CORP	85 300		3 918	4 457	3 918	4 457
SUMITOMO ELECTRIC IND	63 300		3 302	4 172	3 302	4 172
TAISEI CORP	124 000		1 895	2 924	1 895	2 924
TEXTRON	11 642		4 128	5 204	4 128	5 204
TOKYU CORP	200 200		5 747	6 556	5 747	6 556
TOMKINS	110 849		3 686	3 277	3 686	3 277
TOPPAN PRINTING CO	52 700		3 495	3 542	3 495	3 542
TOTO	53 200		2 086	3 075	2 086	3 075
TPG	35 688		5 260	5 870	5 260	5 870
TYCO INTERNATIONAL	188 900		33 674	40 890	33 674	40 890
UNION PACIFIC CORP	23 186		9 917	9 444	9 917	9 444
UNITED PARCEL SERVICE B	55 524		26 969	28 739	26 969	28 739
UNITED TECHNOLOGIES CORP	48 351		28 741	30 266	28 741	30 266
VESTAS WIND SYSTEMS	51 141		4 554	3 849	4 554	3 849
VINCI	6 860		3 766	5 580	3 766	5 580
VOLVO B	21 345		3 661	5 126	3 661	5 126
WASTE MANAGEMENT	54 558		10 354	9 893	10 354	9 893
WESFARMERS	35 442		4 559	6 697	4 559	6 697
WEST JAPAN RAILWAY CO	160		4 000	3 915	4 000	3 915
WOLSELEY	54 880		4 676	6 212	4 676	6 212
YAMATO TRANSPORT CO	37 700		3 594	3 387	3 594	3 387
TOTAL, INDUSTRY			1 156 927	1 224 008	1 156 927	1 224 008
ABITIBI-CONSOLIDATED	59 202		3 096	2 472	3 096	2 472
ACERINOX	39 940		3 329	3 883	3 329	3 883
AIR LIQUIDE	11 977		11 792	13 410	11 792	13 410
AIR PRODUCTS AND CHEMICALS	25 000		8 459	8 778	8 459	8 778
AKZO NOBEL	29 900		6 984	7 724	6 984	7 724
ALCAN	40 497		11 354	12 037	11 354	12 037
ALCOA	95 650		22 964	18 202	22 964	18 202
ALUMINA	142 358		3 239	4 015	3 239	4 015
AMCOR	112 647		3 961	3 931	3 961	3 931
ANGLO AMERICAN (GB)	156 800		22 689	22 463	22 689	22 463
ARCELOR	52 777		5 676	7 373	5 676	7 373
ASAHI KASEI CORP	135 200		3 409	4 099	3 409	4 099
BALL CORP	16 000		3 674	4 262	3 674	4 262
BARRICK GOLD CORP	55 494		7 213	8 135	7 213	8 135
BAYER	72 298		12 986	14 844	12 986	14 844
BLUESCOPE STEEL	110 800		2 873	4 340	2 873	4 340
BOC GROUP	54 757		5 679	6 326	5 679	6 326

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
BORAL	115 981		2 529	3 783	2 529	3 783
CAMECO CORP	31 500		3 692	6 680	3 692	6 680
CIBA SPEZIALITÄTENCHEMIE	7 988		3 895	3 680	3 895	3 680
CORUS GROUP	923 000		4 911	5 420	4 911	5 420
CRH	58 261		7 575	9 449	7 575	9 449
DOW CHEMICAL CO	102 956		26 753	30 873	26 753	30 873
DSM	9 500		2 915	3 724	2 915	3 724
ECOLAB	21 300		3 995	4 532	3 995	4 532
FREEMPORT MCMORAN C AND G B	19 500		4 506	4 515	4 506	4 515
GEORGIA-PACIFIC CORP	25 200		5 354	5 720	5 354	5 720
GIVAUDAN	869		2 778	3 467	2 778	3 467
GOLDCORP	44 000		4 171	4 017	4 171	4 017
HANSON	81 061		3 471	4 216	3 471	4 216
HOLCIM	17 779		6 046	6 487	6 046	6 487
HOLMEN B	18 743		3 775	3 929	3 775	3 929
IMERYS	8 784		2 445	4 465	2 445	4 465
IMPERIAL CHEMICAL ICI	136 178		2 984	3 816	2 984	3 816
INCO COMMON	20 340		4 052	4 524	4 052	4 524
INT'L FLAVORS FRAGRANCES	14 700		3 572	3 814	3 572	3 814
INT'L PAPER CO	50 750		13 904	12 910	13 904	12 910
JFE HOLDINGS	58 100		7 857	10 045	7 857	10 045
JOHNSON MATTHEY	26 206		2 788	3 011	2 788	3 011
JSR CORP	53 100		6 256	7 046	6 256	7 046
KANEKA CORP	61 000		2 797	4 182	2 797	4 182
KOBE STEEL	381 000		3 709	3 536	3 709	3 536
KURARAY CO	52 600		2 846	2 857	2 846	2 857
LAFARGE (FRANCE)	18 393		11 273	10 751	11 273	10 751
LINDE	9 182		2 820	3 482	2 820	3 482
MEADWESTVACO CORP	22 207		4 316	4 558	4 316	4 558
MITSUBISHI CHEMICAL CORP	181 500		2 730	3 347	2 730	3 347
mitsui chemicals	82 100		2 970	2 708	2 970	2 708
mitsui mining and smelting	110 700		2 252	2 957	2 252	2 957
MONSANTO CO	29 197		5 344	9 823	5 344	9 823
NEWCREST MINING	49 615		1 729	4 111	1 729	4 111
NEWMONT MINING HLDG	48 757		12 918	13 114	12 918	13 114
NIPPON PAPER GROUP	135		4 385	3 671	4 385	3 671
NIPPON STEEL CORP	673 700		8 181	9 995	8 181	9 995
NITTO DENKO CORP	18 200		5 515	6 046	5 515	6 046
NORANDA	38 500		4 778	4 099	4 778	4 099
NUCOR CORP	17 432		3 295	5 526	3 295	5 526
OJI PAPER CO	158 800		5 750	5 519	5 750	5 519
ORICA	62 385		4 670	6 033	4 670	6 033
PACTIV CORP	18 800		2 982	2 880	2 982	2 880
PHELPS DODGE CORP	10 300		3 946	6 171	3 946	6 171
PLACER DOME	45 397		4 406	5 182	4 406	5 182
POTASH CORP SASKATCHEWAN	11 788		3 199	5 944	3 199	5 944
PPG INDUSTRIES	18 826		7 431	7 772	7 431	7 772
PRAXAIR	35 782		8 742	9 568	8 742	9 568
REXAM	58 900		2 973	3 147	2 973	3 147
RINKER GROUP	103 942		2 201	5 256	2 201	5 256
RIO TINTO LTD	34 249		6 052	6 361	6 052	6 361
RIO TINTO PLC REG	117 410		20 125	20 929	20 125	20 929
RMC GROUP	59 536		4 733	5 878	4 733	5 878
ROHM AND HAAS CO	16 060		4 250	4 302	4 250	4 302
SCA SV CELLULOSA B	21 405		5 255	5 531	5 255	5 531
SEALED AIR CORP	8 190		2 557	2 642	2 557	2 642
SHIN-ETSU CHEMICAL CO	39 500		10 385	9 806	10 385	9 806
SHOWA DENKO K.K	202 400		2 416	3 158	2 416	3 158
SIGMA-ALDRICH	16 672		6 362	6 105	6 362	6 105
SMURFIT-STONE CONTAINER	27 800		3 089	3 145	3 089	3 145
SOLVAY	6 980		3 735	4 654	3 735	4 654
STORA ENSO R	68 622		6 167	6 367	6 167	6 367
SUMITOMO CHEMICAL	146 100		3 929	4 335	3 929	4 335
SUMITOMO METAL IND	505 000		4 515	4 149	4 515	4 149
SUMITOMO METAL MINING CO	89 700		3 937	3 881	3 937	3 881
SYNGENTA	11 762		5 540	7 568	5 540	7 568
TECK COMINCO B	28 965		1 712	5 406	1 712	5 406
TEIJIN	164 000		3 540	4 314	3 540	4 314
TEMPLE INLAND	8 100		3 528	3 356	3 528	3 356
THYSSEN KRUPP	33 954		3 372	4 528	3 372	4 528
TORAY INDUSTRIES	131 400		2 734	3 728	2 734	3 728
TOYO SEIKAN KAISHA	33 000		3 618	3 686	3 618	3 686
UPM-KYMMENE	57 542		6 974	7 750	6 974	7 750

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
US STEEL CORP	17 700		3 612	5 494	3 612	5 494
VULCAN MATERIALS CO	10 685		3 165	3 534	3 165	3 534
WEYERHAEUSER CO	26 064		10 562	10 611	10 562	10 611
WMC RESOURCES	168 970		3 978	5 792	3 978	5 792
YARA INTERNATIONAL ASA	90 417		4 387	7 211	4 387	7 211
TOTAL, RAW MATERIALS			541 990	612 874	541 990	612 874
ANADARKO PETROLEUM CORP	35 215		13 184	13 823	13 184	13 823
APACHE CORP	45 904		12 265	14 060	12 265	14 060
BAKER HUGHES	46 972		11 442	12 139	11 442	12 139
BG GROUP	497 729		17 784	20 488	17 784	20 488
BJ SERVICES CO	22 781		6 479	6 421	6 479	6 421
BP	3 058 912		177 187	180 693	177 187	180 693
BURLINGTON RESOURCES	55 604		11 859	14 650	11 859	14 650
CANADIAN NAT RESOURCES	35 860		6 808	9 290	6 808	9 290
DEVON ENERGY CORP	64 744		13 336	15 262	13 336	15 262
EL PASO CORP	88 195		5 022	5 555	5 022	5 555
ENBRIDGE	23 100		6 655	6 971	6 655	6 971
ENI	366 562		47 410	55 586	47 410	55 586
ENSCO INTERNATIONAL	16 500		3 068	3 172	3 068	3 172
EOG RESOURCES	16 600		6 038	7 175	6 038	7 175
FRONTLINE	12 000		4 318	3 234	4 318	3 234
GLOBAL SANTAFE CORP	28 124		5 087	5 640	5 087	5 640
HALLIBURTON CO	62 209		12 124	14 785	12 124	14 785
HUSKY ENERGY	34 100		4 700	5 904	4 700	5 904
IMPERIAL OIL	17 647		5 106	6 347	5 106	6 347
KERR-MCGEE CORP	19 100		6 929	6 685	6 929	6 685
KINDER MORGAN	13 928		5 248	6 169	5 248	6 169
NABORS INDUSTRIES	20 992		6 179	6 521	6 179	6 521
NEXEN	18 200		4 725	4 480	4 725	4 480
NIPPON MININGS HLDGS	116 500		3 593	3 319	3 593	3 319
NIPPON OIL CORP	181 400		6 347	7 044	6 347	7 044
NOBLE DRILLING CORP	18 853		5 021	5 680	5 021	5 680
NORSK HYDRO	20 457		8 255	9 758	8 255	9 758
OMV AG	2 952		3 480	5 388	3 480	5 388
ORIGIN ENERGY	133 515		4 460	4 368	4 460	4 368
PETRO-CANADA	37 527		11 291	11 604	11 291	11 604
PIONEER NATURAL RES.	20 900		4 804	4 443	4 804	4 443
PRECISION DRILLING CORP	11 300		4 457	4 314	4 457	4 314
ROYAL DUTCH PETROLEUM CO	293 518		99 726	102 334	99 726	102 334
SANTOS	91 056		2 606	3 666	2 606	3 666
SCHLUMBERGER	83 215		34 183	33 743	34 183	33 743
SHELL CANADA	9 902		2 618	4 004	2 618	4 004
SHELL T AND T	1 356 381		66 260	70 029	66 260	70 029
SHOWA SHELL SEKIYU K.K	53 800		2 782	2 967	2 782	2 967
SMITH INTERNATIONAL	14 717		4 255	4 850	4 255	4 850
STATOIL	77 140		6 003	7 328	6 003	7 328
SUNCOR ENERGY	63 859		10 306	13 687	10 306	13 687
SUNOCO	10 600		4 558	5 246	4 558	5 246
TALISMAN ENERGY	54 100		7 156	8 847	7 156	8 847
TECHNIP	3 982		2 712	4 458	2 712	4 458
TOTAL	82 738		103 117	109 459	103 117	109 459
TRANSOCEAN	45 191		9 286	11 602	9 286	11 602
UNOCAL CORP	37 300		9 420	9 768	9 420	9 768
VALERO ENERGY CORP	36 000		7 036	9 899	7 036	9 899
WEATHERFORD INT'L	18 825		5 408	5 849	5 408	5 849
WILLIAMS COS	73 543		4 586	7 256	4 586	7 256
WOODSIDE PETROLEUM	65 743		4 832	6 274	4 832	6 274
XTO ENERGY	34 650		5 825	7 425	5 825	7 425
TOTAL, ENERGY			837 336	909 660	837 336	909 660
ACCOR	18 541		5 097	4 916	5 097	4 916
ADIDAS-SALOMON	4 342		2 939	4 245	2 939	4 245
AEGIS GROUP	253 542		2 647	3 184	2 647	3 184
AISIN SEIKI CO	34 300		4 440	5 261	4 440	5 261
ANTENA 3 TELEVISION	10 191		2 839	4 459	2 839	4 459
AUTOGRILL	30 412		2 840	3 078	2 840	3 078
AUTOZONE	12 100		6 469	6 692	6 469	6 692
BED BATH AND BEYOND	28 247		7 281	6 814	7 281	6 814
BERKELEY GROUP HLDGS	29 905		2 456	2 813	2 456	2 813
BEST BUY CO	26 023		7 814	9 365	7 814	9 365
BLACK AND DECKER CORP	9 093		2 876	4 865	2 876	4 865
BRIDGESTONE CORP	60 400		6 092	7 283	6 092	7 283

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
BRINKER INTERNATIONAL	14 500		3 603	3 080	3 603	3 080
BRITISH SKY BROADCASTING	118 490		8 886	7 743	8 886	7 743
CABLEVISION SYSTEMS A	24 800		3 654	3 740	3 654	3 740
CAESARS ENTERTAINMENT	42 139		2 670	5 140	2 670	5 140
CARMAX	23 500		4 680	4 419	4 680	4 419
CARNIVAL CORP	40 538		10 679	14 150	10 679	14 150
CARNIVAL PLC(P AND O PRINCES	16 653		4 228	6 154	4 228	6 154
CASIO COMPUTER CO	43 100		2 505	4 028	2 505	4 028
CENTEX CORP	11 800		3 170	4 258	3 170	4 258
CLEAR CHANNEL COMMUNI.	49 154		15 938	9 970	15 938	9 970
COACH	17 900		3 969	6 115	3 969	6 115
COMCAST A SPECIAL (NEW)	83 132		15 685	16 535	15 685	16 535
COMCAST CORP A (NEW)	121 315		23 728	24 453	23 728	24 453
COMPASS GROUP	211 026		8 282	6 043	8 282	6 043
CONTINENTAL	11 500		2 872	4 424	2 872	4 424
D.R. HORTON	20 000		3 928	4 883	3 928	4 883
DAILY MAIL AND GEN TRUST A	39 953		2 909	3 447	2 909	3 447
DAIMLERCHRYSLER	80 975		24 334	23 505	24 334	23 505
DAITO TRUST CONSTRUCTION	17 800		4 640	5 124	4 640	5 124
DAIWA HOUSE IND CO	95 300		6 382	6 562	6 382	6 562
DELPHI CORP	46 243		2 888	2 526	2 888	2 526
DENSO CORP	49 900		6 511	8 096	6 511	8 096
DIRECTV GROUP (THE)	65 088		7 330	6 599	7 330	6 599
DISNEY (WALT) COMMON	193 043		32 957	32 504	32 957	32 504
DIXONS GROUP	192 083		3 315	3 395	3 315	3 395
DOLLAR GENERAL	26 400		3 512	3 321	3 512	3 321
EASTMAN KODAK CO	27 341		5 759	5 340	5 759	5 340
EBAY	46 360		19 477	32 650	19 477	32 650
ELECTROLUX B	19 587		2 670	2 713	2 670	2 713
EMAP	43 223		4 802	4 099	4 802	4 099
ENTERPRISE INNS	49 679		3 780	4 593	3 780	4 593
FAIRFAX (JOHN) HOLDINGS	170 546		2 522	3 684	2 522	3 684
FAMILY DOLLAR STORES	13 000		3 069	2 459	3 069	2 459
FEDERATED DEPT STORES	16 872		4 787	5 905	4 787	5 905
FORD MOTOR CO	165 513		15 155	14 676	15 155	14 676
FORTUNE BRANDS	13 939		6 082	6 516	6 082	6 516
FOUR SEASONS HOTELS LV	8 708		2 469	4 319	2 469	4 319
FUJI PHOTO FILM CO	44 000		9 574	9 727	9 574	9 727
GANNETT CO	25 589		14 417	12 662	14 417	12 662
GENERAL MOTORS CORP	47 800		15 436	11 598	15 436	11 598
GENUINE PARTS CO	16 375		3 805	4 370	3 805	4 370
GKN	154 311		4 819	4 244	4 819	4 244
GUS	95 386		8 079	10 410	8 079	10 410
HARLEY-DAVIDSON	27 744		9 579	10 208	9 579	10 208
HARMAN INTERNATIONAL IND	6 000		3 232	4 615	3 232	4 615
HARRAH'S ENTERTAINMENT	11 045		3 619	4 475	3 619	4 475
HILTON GROUP	154 992		3 940	5 127	3 940	5 127
HILTON HOTELS CORP	35 693		3 935	4 916	3 935	4 916
HONDA MOTOR CO	70 900		21 417	22 252	21 417	22 252
HUDSON'S BAY CO	51 414		2 499	3 483	2 499	3 483
IAC/INTERACTIVECORP A	44 900		9 733	7 511	9 733	7 511
INCHCAPE PLC	18 500		3 608	4 206	3 608	4 206
INTERCONTL HOTELS GBP 1.12	62 654		4 078	4 717	4 078	4 717
INTERPUBLIC GROUP OF COS	31 600		3 093	2 565	3 093	2 565
INT'L GAME TECHNOLOGY	34 200		7 276	7 121	7 276	7 121
ITV	391 080		5 286	4 786	5 286	4 786
JOHNSON CONTROLS	17 900		6 672	6 878	6 672	6 878
JONES APPAREL CORP	13 476		3 314	2 985	3 314	2 985
KESA ELECTRICALS	102 262		2 726	3 359	2 726	3 359
KINGFISHER	219 415		7 152	7 903	7 152	7 903
KNIGHT-RIDDER	5 900		2 870	2 392	2 870	2 392
KOHL'S CORP	28 894		10 799	8 605	10 799	8 605
LAGARDERE	11 858		4 370	5 184	4 370	5 184
LEAR CORP	9 100		3 623	3 363	3 623	3 363
LEGGETT AND PLATT	22 000		3 739	3 788	3 739	3 788
LENNAR CORP A	11 800		3 218	4 051	3 218	4 051
LIBERTY MEDIA CORP A	239 338		16 820	15 916	16 820	15 916
LIBERTY MEDIA INT'L A	12 320		1 089	3 450	1 089	3 450
LIMITED BRANDS	39 955		5 158	5 571	5 158	5 571
LIZ CLAIBORNE	18 700		4 746	4 781	4 746	4 781
LOWE'S COS	70 235		24 409	24 498	24 409	24 498
LVMH	23 356		10 440	10 835	10 440	10 835
MAGNA INTERNATIONAL A	8 985		3 941	4 477	3 941	4 477

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
MARKS AND SPENCER GROUP	155 292		5 993	6 194	5 993	6 194
MATSUSHITA ELECT IND'L	210 800		19 672	20 259	19 672	20 259
MATTEL	40 276		5 444	4 754	5 444	4 754
MAY DEPARTMENT STORES CO	26 019		4 798	4 633	4 798	4 633
MCDONALD'S CORP	123 371		20 007	23 956	20 007	23 956
MCGRAW-HILL COS	17 952		8 500	9 953	8 500	9 953
MEDIASET	55 552		3 939	4 267	3 939	4 267
MICHELIN	13 487		3 894	5 240	3 894	5 240
MITCHELLS AND BUTLERS	110 005		3 440	4 349	3 440	4 349
MOHAWK INDUSTRIES	7 300		3 643	4 034	3 643	4 034
NEW YORK TIMES CO A	13 189		4 108	3 259	4 108	3 259
NEWELL RUBBERMAID	26 218		4 647	3 841	4 647	3 841
NEWS CORP A	127 380		12 741	14 396	12 741	14 396
NEWS CORP B	64 192		7 239	7 465	7 239	7 465
NEXT	24 639		2 872	4 727	2 872	4 727
NGK SPARK PLUG CO	52 300		2 826	3 280	2 826	3 280
NIKE B	17 700		7 805	9 722	7 805	9 722
NISSAN MOTOR CO	233 900		15 347	15 401	15 347	15 401
NOK CORP	15 500		3 702	2 941	3 702	2 941
NTL	9 000		3 563	3 977	3 563	3 977
OMNICOM GROUP	17 825		9 431	9 103	9 431	9 103
ORIENTAL LAND CO	7 300		2 796	3 072	2 796	3 072
PEARSON	75 471		5 733	5 516	5 733	5 516
PENNEY (J.C) CO	26 500		4 845	6 645	4 845	6 645
PERSIMMON	53 685		4 679	4 314	4 679	4 314
PEUGEOT SA	16 006		5 472	6 154	5 472	6 154
PHILIPS ELECTRS (KON.)	125 478		26 387	20 154	26 387	20 154
PINAULT-PRINT.-REDOUTE	6 333		4 010	3 840	4 010	3 840
PIONEER CORP	16 700		2 494	1 974	2 494	1 974
PORSCHE VORZUG	781		2 865	3 019	2 865	3 019
PULTE HOMES	10 300		3 652	3 980	3 652	3 980
PUMA	2 300		3 774	3 831	3 774	3 831
RADIOSHACK CORP	14 998		2 746	2 987	2 746	2 987
RAKUTEN	100		496	692	496	692
RAKUTEN INC	900		4 466	4 894	4 466	4 894
RANK GROUP	90 236		2 909	2 770	2 909	2 770
REED ELSEVIER (GB)	119 630		7 072	6 684	7 072	6 684
REED ELSEVIER (NL)	66 031		5 668	5 452	5 668	5 452
RENAULT	17 420		7 704	8 827	7 704	8 827
REUTERS GROUP	134 807		3 755	5 918	3 755	5 918
RICHEMONT (FIN) A UNIT	49 769		7 799	10 034	7 799	10 034
SEARS ROEBUCK AND CO	18 000		5 390	5 563	5 390	5 563
SEAT P. GIALLE ORD (NEW)	1 344 342		4 733	3 750	4 733	3 750
SEKISUI CHEMICAL CO	90 900		2 131	4 024	2 131	4 024
SEKISUI HOUSE	98 500		6 015	6 951	6 015	6 951
SHARP CORP	90 300		8 192	8 929	8 192	8 929
SHAW COMMUNICATIONS B	28 331		2 666	3 141	2 666	3 141
SHERWIN-WILLIAMS CO	13 700		3 529	3 703	3 529	3 703
SIGNET GROUP	260 211		3 610	3 328	3 610	3 328
SINGAPORE PRESS HLDG	172 550		2 487	2 945	2 487	2 945
SKY CITY ENTERTAINMENT	145 972		2 719	3 436	2 719	3 436
SONY CORP	88 300		25 576	20 668	25 576	20 668
STARBUCKS CORP	38 839		8 904	14 669	8 904	14 669
STARWOOD HOT. AND RES. WORLD	20 299		4 794	7 180	4 794	7 180
SWATCH GROUP NOM	19 364		2 658	3 486	2 658	3 486
SWATCH GROUP PORT	3 881		3 058	3 450	3 058	3 450
TABCORP HOLDINGS	49 514		3 689	4 065	3 689	4 065
TAKASHIMAYA CO	48 000		3 657	2 797	3 657	2 797
TARGET CORP	81 600		21 909	25 665	21 909	25 665
TF1 TELEVISION FRANCAISE	13 207		2 895	2 604	2 895	2 604
THOMSON	27 581		3 695	4 416	3 695	4 416
THOMSON CORP	21 548		4 683	4 604	4 683	4 604
TIFFANY AND CO	15 265		3 699	2 956	3 699	2 956
TIME WARNER	412 763		46 313	48 599	46 313	48 599
TJX COS	46 589		7 028	7 091	7 028	7 091
TOHO CO	40 500		4 676	3 876	4 676	3 876
TOYOTA INDUSTRIES CORP	21 900		2 618	3 314	2 618	3 314
TOYOTA MOTOR CORP	271 600		60 862	66 942	60 862	66 942
TOYS R US	38 548		3 291	4 779	3 291	4 779
TRELLEBORG B	26 956		2 099	2 776	2 099	2 776
TRIBUNE CO	21 596		7 013	5 512	7 013	5 512
TRINITY MIRROR	47 400		3 639	3 505	3 639	3 505
UNIVISION COMMUNI. A	21 600		5 237	3 829	5 237	3 829

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
VF CORP	11 500		3 713	3 857	3 713	3 857
VIACOM B	143 055		41 275	31 530	41 275	31 530
VIVENDI UNIVERSAL	95 744		13 604	18 515	13 604	18 515
VNU	22 368		4 470	4 001	4 470	4 001
VOLKSWAGEN STAMM	21 088		6 555	5 790	6 555	5 790
VOLKSWAGEN VORZUG	18 245		3 954	3 666	3 954	3 666
WASHINGTON POST CO B	600		3 835	3 572	3 835	3 572
WENDY'S INTERNATIONAL	16 600		4 723	3 947	4 723	3 947
WHIRLPOOL CORP	6 540		2 796	2 741	2 796	2 741
WHITBREAD	35 684		2 646	3 512	2 646	3 512
WILLIAM HILL	54 392		3 556	3 567	3 556	3 567
WIMPEY (GEORGE)	75 655		2 588	3 559	2 588	3 559
WOLTERS KLUWER	29 008		3 123	3 527	3 123	3 527
WPP GROUP	106 100		6 654	7 069	6 654	7 069
YELL GROUP	86 802		3 566	4 441	3 566	4 441
YUE YUEN INDUSTRIAL	213 900		3 715	3 567	3 715	3 567
YUM BRANDS	28 316		6 106	8 091	6 106	8 091
TOTAL, CONSUMABLES			1 356 505	1 425 295	1 356 505	1 425 295
AEON CO	77 500		8 521	7 833	8 521	7 833
AHOLD (KON.)	216 305		11 711	10 150	11 711	10 150
AJINOMOTO CO	87 100		6 498	6 281	6 498	6 281
ALBERTSON'S	43 561		6 686	6 300	6 686	6 300
ANHEUSER-BUSCH	120 127		42 152	36 909	42 152	36 909
ARCHER-DANIELS-MIDLAND	82 515		8 592	11 150	8 592	11 150
ASAHI BREWERIES	57 500		2 958	4 313	2 958	4 313
AVON PRODUCTS	44 390		10 044	10 405	10 044	10 405
BOOTS GROUP PLC	106 710		8 042	8 134	8 042	8 134
CADBURY SCHWEPPES	309 789		14 833	17 471	14 833	17 471
CAMPBELL SOUP CO (US)	33 748		5 961	6 110	5 961	6 110
CARREFOUR	76 794		27 305	22 153	27 305	22 153
CASINO ORD	4 756		2 838	2 302	2 838	2 302
CLOROX CO	15 005		4 961	5 356	4 961	5 356
COLES MYER	153 095		5 360	7 167	5 360	7 167
COLRUYT	4 800		3 005	4 726	3 005	4 726
CONAGRA FOODS	78 939		13 969	14 080	13 969	14 080
COSTCO WHOLESALE CORP	61 769		15 275	18 111	15 275	18 111
CVS CORP	53 550		12 026	14 618	12 026	14 618
DANISCO	11 200		3 663	4 140	3 663	4 140
DANONE (GROUPE)	35 941		18 764	20 105	18 764	20 105
DEAN FOODS CORP	23 500		4 969	4 690	4 969	4 690
DELHAIZE GROUPE	9 701		2 292	4 468	2 292	4 468
DIAGEO	456 617		38 802	39 450	38 802	39 450
ESTEE LAUDER COS A	23 900		7 031	6 625	7 031	6 625
FOSTERS GROUP	300 394		6 116	8 258	6 116	8 258
GENERAL MILLS	48 880		15 093	14 717	15 093	14 717
GILLETTE CO	89 683		22 045	24 324	22 045	24 324
GREENCORE GROUP	110 385		2 743	2 744	2 743	2 744
HEINEKEN NV	36 593		7 668	7 390	7 668	7 390
HEINZ (H.J) CO	52 630		11 851	12 429	11 851	12 429
HENKEL VORZUG	6 060		2 844	3 193	2 844	3 193
HERSHEY FOODS COMMON	26 600		7 018	8 948	7 018	8 948
HOUSE FOODS CORP	39 100		2 842	3 420	2 842	3 420
INBEV	25 709		4 499	6 040	4 499	6 040
ITO-YOKADO CO	46 800		12 241	11 895	12 241	11 895
KAO CORP	48 400		7 176	7 495	7 176	7 495
KATOKICHI CO	27 600		2 925	3 344	2 925	3 344
KELLOGG CO	36 800		9 157	9 954	9 157	9 954
KERRY GROUP A	25 100		3 012	3 647	3 012	3 647
KIMBERLY-CLARK CORP	47 163		18 161	18 799	18 161	18 799
KIRIN BREWERY CO	103 200		5 913	6 155	5 913	6 155
KRAFT FOODS A	40 389		9 197	8 711	9 197	8 711
KROGER CO	97 631		11 021	10 372	11 021	10 372
LAWSON	12 700		2 732	2 837	2 732	2 837
LOBLAW	14 687		4 603	5 347	4 603	5 347
LOREAL	28 615		14 496	13 157	14 496	13 157
MCCORMICK AND CO N-VTG	18 300		4 347	4 278	4 347	4 278
MEIJI DAIRIES CORP	103 400		2 882	3 716	2 882	3 716
METRO STAMM	20 319		5 223	6 773	5 223	6 773
MOLSON A	23 000		4 044	4 125	4 044	4 125
NEENAH PAPER	1 429		550	282	550	282
NESTLE	60 274		104 159	95 510	104 159	95 510
NIPPON MEAT PACKERS	45 200		2 988	3 711	2 988	3 711

NOTE 11 Shares and equity-based unit trusts (cont.)

NOK thousands	Number	Stake in %	HOLDINGS, KLP		HOLDINGS, GROUP	
			Acquisition- cost	Market- value	Acquisition- cost	Market- value
NISSHIN SEIFUN GROUP	50 400		2 620	3 384	2 620	3 384
NISSIN FOOD PRODUCTS CO	17 200		2 784	2 613	2 784	2 613
NUMICO (KON.)	22 353		2 856	4 882	2 856	4 882
ORKLA	28 778		3 906	5 727	3 906	5 727
OSTASIATISKE KOMPAGNIS	10 736		2 708	3 416	2 708	3 416
PEPSICO	252 431		85 309	79 808	85 309	79 808
PERNOD RICARD	7 896		5 136	7 326	5 136	7 326
PROCTER AND GAMBLE CO	227 966		77 947	76 050	77 947	76 050
RECKITT BENCKISER	55 911		8 560	10 233	8 560	10 233
SABMILLER	119 533		8 046	12 009	8 046	12 009
SAFEWAY INC	62 154		9 079	7 431	9 079	7 431
SAINSBURY (J)	189 500		3 800	5 961	3 800	5 961
SAINSBURY (J) RED 'B' SHS.	197 891		3 289	811	3 289	811
SARA LEE CORP	118 054		17 940	17 260	17 940	17 260
SCOTTISH AND NEWCASTLE	120 317		5 719	6 096	5 719	6 096
SEVEN-ELEVEN JAPAN CO	51 400		11 340	9 813	11 340	9 813
SHISEIDO CO	37 800		2 982	3 316	2 982	3 316
SHOPPERS DRUG MART CORP	26 300		4 007	4 955	4 007	4 955
SOUTHCORP HOLDINGS	219 146		3 348	4 464	3 348	4 464
SYSCO CORP	85 652		19 967	19 801	19 967	19 801
TATE AND LYLE	81 872		3 002	4 501	3 002	4 501
TESCO	1 037 207		29 892	38 806	29 892	38 806
TYSON FOODS A	33 700		4 546	3 756	4 546	3 756
UNY CO	52 000		4 603	3 599	4 603	3 599
WALGREEN CO	137 323		33 614	31 913	33 614	31 913
WESTON (GEORGE)	8 000		4 198	4 437	4 198	4 437
BOOTS GROUP PLC	8 600		4 971	4 967	4 971	4 967
WOOLWORTHS LTD	142 373		7 815	10 146	7 815	10 146
WRIGLEY WM JR CO	22 300		8 601	9 345	8 601	9 345
YAKULT HONSHA CO	29 700		2 668	3 202	2 668	3 202
TOTAL, CONSUMER GOODS			979 060	1 004 643	979 060	1 004 643
TOTAL, WORLD			11 240 121	11 617 827	11 241 035	11 617 827
TOTAL, SHORT-TERM SHARE INVESTMENTS			13 176 950	13 954 843	13 180 576	13 957 723
TOTAL PER SECTOR						
FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES			1 980 007	2 231 622	1 980 007	2 231 622
OTHER FINANCIAL SERVICES			843 514	916 560	843 514	916 560
IT			1 731 424	1 705 278	1 731 424	1 705 278
TELECOM			708 276	747 818	710 103	748 753
HEALTH			1 373 092	1 235 174	1 373 092	1 235 174
INDUSTRY			1 525 613	1 506 183	1 525 613	1 506 183
RAW MATERIALS			624 902	704 687	624 902	704 687
ENERGY			1 373 065	1 620 741	1 373 924	1 621 691
CONSUMABLES			1 473 850	1 584 500	1 473 850	1 584 500
CONSUMER GOODS			1 126 339	1 232 671	1 127 278	1 233 666
SUPPLIES			416 867	469 610	416 867	469 610
TOTAL, SHORT-TERM SHARE INVESTMENTS			13 176 950	13 954 843	13 180 576	13 957 723
EQUITY-BASED UNIT TRUSTS						
ALLIANCE VENTURE PARTNERSHIP PREF.	137 755	18,10 %	13 776	12 122	13 776	12 122
ALLIANCE VENTURE PARTNERSHIP COMMON	12 245	18,10 %	1 225	1 078	1 225	1 078
KLP AKSJGLOBAL INDEKS II	2 445 000		2 445 000	2 483 558	2 445 000	2 483 558
KLP AKSJGLOBAL INDEKS III	165 000		165 000	167 594	165 000	167 594
KLP AKSJGLOBAL INDEKS I	650 000		650 000	653 315	650 000	653 315
KLP AKSJENORGE	147 505		155 572	250 047	166 898	267 526
KLP AKSJENORDEN	106 998		110 000	131 028	122 481	146 201
KLP AKSJGLOBAL	314 004		304 431	307 423	346 405	348 452
TOTAL, EQUITY-BASED UNIT TRUSTS			3 845 003	4 006 165	3 910 784	4 079 846
PROPORTION OF FINANCIAL SHARES INVESTED IN (TRUST) FUNDS			838 397	882 368	850 532	896 226
TOTAL SHORT-TERM SHARES & EQUITY-BASED TRUST FUNDS			17 021 953	17 961 008	17 091 359	18 037 569
FOREIGN EXCHANGE CONTRACTS, SHARES				74 840		74 840
TOTAL SHORT-TERM SHARE INVESTMENTS, EQUITY-BASED UNIT TRUSTS AND FORWARD FOREIGN EXCHANGE CONTRACTS.			17 021 953	18 035 849	17 091 359	18 112 410
ADDED VALUE SHORT-TERM SHARES, EQUITY-BASED UNIT TRUSTS AND FUTURES				1 013 896		1 013 896

NOTE 11 Shares and equity-based unit trusts (cont.)

Proportion of quoted securities in equity portfolio

98.68% of short-term shares are invested in listed companies.

Equity-based unit trust funds invest 100% in listed companies

The risk profile in the equity portfolio:

Exposure towards the stock market was increased at the end of the year.

The proportion of shares in financial assets was 10.5% at the beginning of the year and 15.4 % at year-end including derivatives (see share options specified in Note 14)

The management of shares is divided between index-linked management and active management.

Of the indexed portfolios, index-linked management makes up 83 % and active management makes up 17% at the year end. The index-linked management has MSCI World as its index. The discretionary active portfolios are divided into two regions: Norway and the Nordic Countries.

The risk in the active portfolios is managed by means of relative volatility in relation to index.

The total equity portfolio mainly consists of listed solvent companies.

NOTE 12 Bonds and other fixed-return securities, current assets

Short-dated bonds and certificates distributed among classes of risk and the borrowing sector

NOK thousands	Classes of risk	HOLDNINGS, KLP		HOLDNINGS, GROUP	
		Acquisition cost	Market value	Acquisition cost	Market value
Governments, central banks, state-run companies, etc.	0 %	17 042 757	16 757 599	17 549 482	17 265 055
Financial institutions	0 %	34 217	30 251	34 217	30 251
State-run companies	10 %	24 314	24 148	32 011	31 728
Other, public sector	20 %	1 928 411	2 077 068	1 936 356	2 084 902
Financial institutions	20 %	9 926 880	9 853 373	10 378 858	10 303 241
Financial institutions and bonds issued by others	100 %	1 700 199	1 708 229	1 705 844	1 713 775
Total short-dated bonds and certificates		30 656 778	30 450 667	31 636 767	31 428 951
1) Futures			-31 169		-32 114
Total short-dated bonds, certificates, futures etc.		30 656 778	30 419 497	31 636 767	31 396 837
Unrealized gains, short-dated bonds, certificates, futures etc.			-237 281		-239 931
Accrued share discount zero-coupon securities (booked as interest income)			17 937		17 937

Short-term bond investments and certificates by currency

NOK thousands	Currency-code	HOLDNINGS, KLP		HOLDNINGS, GROUP	
		Acquisition cost	Market value	Acquisition cost	Market value
Norwegian kroner	NOK	14 454 354	14 446 989	15 215 590	15 214 257
Australian dollar	AUD	177 709	173 671	180 806	176 697
Canadian dollar	CAD	290 776	299 913	298 299	307 314
Danish kroner	DKK	37 027	37 413	37 027	37 413
Euro	EUR	5 907 278	6 033 367	5 989 970	6 119 686
British Pound Sterling	GBP	1 164 301	1 162 031	1 187 074	1 183 859
Japanese yen	JPY	3 132 330	2 960 011	3 184 236	3 007 997
New Zealand dollar	NZD	282 744	270 724	282 744	270 724
Swedish kroner	SEK	94 880	98 793	94 880	98 793
US dollar	USD	5 115 379	4 936 585	5 166 142	4 980 097
Total short-term bond investments, certificates, forward exchange contracts and other		30 656 778	30 419 497	31 636 767	31 396 837
Average APR			3,7 %		3,7 %
Proportion invested in listed securities			70,0 %		70,0 %

The average APR is calculated on the basis of the yield, market value and duration against the weighted duration and market value of the portfolio.

NOTE 13 Bonds held to maturity

NOK thousands	Classes-of risk	Nominal value	Acquisition-cost	Capitalized value	Market-value	KLP Remaining share premium/ discount
Borrowing sector						
Financial institutions	0 %	2 331 500	2 347 907	2 338 300	2 597 438	6 800
Government guaranteed, state-run companies, etc.	0 %	24 716 785	25 396 608	25 298 752	27 405 182	581 967
State-run companies	10 %	717 500	749 756	741 041	839 523	23 541
Financial institutions	20 %	21 204 190	21 162 403	21 265 949	23 695 043	61 759
Other, public sector	20 %	2 326 617	2 324 760	2 325 710	2 567 125	-907
Bonds issued by others	100 %	797 000	791 991	796 302	848 707	-698
Total hold-to-maturity portfolio		52 093 592	52 773 427	52 766 054	57 953 018	672 462
Average APR				5,8 %		
Proportion invested in quoted instruments				39,4 %		

Average APR (yield) is calculated on the basis of the yield on individual instruments, acquisition cost accruals and duration over the portfolio's weighted duration and acquisition cost accrual.

66,2% of the hold to maturity bonds measured in book value are issued by foreign companies. For the Group the equivalent share is 65.5%.

NOK thousands	Classes-of risk	Nominal value	Acquisition-cost	Capitalized value	Market-value	GROUP Remaining share premium/ discount
Borrowing sector						
Financial institutions	0 %	2 331 500	2 347 907	2 338 300	2 597 438	6 800
State guaranteed, state-run business(es) etc.	0 %	24 929 785	25 618 001	25 519 429	27 639 501	589 644
State-run business(es)	10 %	929 000	977 900	966 843	1 077 202	37 843
Financial institutions	20 %	21 492 190	21 449 102	21 554 067	24 006 850	61 877
Other, public sector	20 %	2 463 617	2 463 475	2 464 345	2 711 950	728
Bonds issued by others	100 %	812 000	806 994	811 301	864 597	-699
Total hold-to-maturity portfolio		52 958 092	53 663 378	53 654 284	58 897 539	696 192
Average (APR)				5,8 %		
Property invested in quoted instruments				39,5 %		

Average APR (yield) is calculated on the basis of yield on individual instruments, acquisition cost accruals and duration over the portfolio's weighted duration and acquisition cost accruals.

Holding changes over the year

NOK thousands	KLP	GROUP
Hold to maturity portfolio as at 01.01.04	59 524 573	60 279 818
Purchases over the year	4 510 993	4 834 277
¹⁾ Sales over the year	-1 896 178	-1 896 178
Bonds redeemed on due date	-9 056 521	-9 244 620
Reclassification	-250 000	-250 000
Write-downs	0	0
Share premium accruals for the year (net)	-52 619	-54 819
Foreign exchange changes over the year	-14 195	-14 195
Hold to maturity portfolio as at 31.12.04	52 766 054	53 654 284

¹⁾ Sales from the hold-to-maturity portfolio are carried out in accordance with the rules of the Financial Supervisory Authority of Norway.

NOTE 14 Financial derivatives

NOK thousands	KLP		GROUP	
	Market value	Capit. value	Market value	Capit. value
Fixed assets:				
Interest swaps	56 303	0	56 303	0
Total derivatives, fixed assets	56 303	0	56 303	0
Current assets:				
Interest swaps	159 299	159 299	159 299	159 299
Interest Rate Futures (IRF)	0	0	0	0
Futures	0	0	0	0
Equity futures	0	0	0	0
Options on share indexes (including futures)	612 715	612 715	612 715	612 715
Options on interest futures	832	832	832	832
Futures classified as deriv. for acc. purposes	13 398	13 398	25 035	25 035
Tot. deriv. class. as short-term derivatives for accounting for purposes	786 244	786 244	797 881	797 881
Futures classif. tog. with underl. investments (bonds/shares) for accounting purposes	43 671	43 671	42 726	42 726
Total derivatives, current assets	829 915	829 915	840 607	840 607
Liabilities:				
Interest and exchange rate swaps	-308 487	-308 487	-308 487	-308 487
Options on share indexes	0	0	-154	-154
Total derivatives classified as debt	-308 487	-308 487	-308 641	-308 641

Interest swaps (fixed and current assets, and debt)

NOK thousands	KLP pays	KLP receives	Market value NOK	Cap. value NOK	Due date
Fixed assets:					
Contracted amount					
JPY 9.500.000	6 mths JPY Libor + 1,30 %	4,10 %	56 303	0	October 2017
Total Interest sswaps (fixed assets)			56 303	0	
Current assets:					
Contracted amount					
NOK 250.000	6 mths USD Libor + 0,92%	7,21 %	72 161	72 161	November 2008
NOK 1.000.000	6 mths No. interb. rent	3,68 %	-3 786	-3 786	July 2007
NOK 2.500.000	6 mths No. interb. rent	5,55 %	5 834	5 834	January 2005
NOK 2.500.000	6 mths No. interb. rent	5,58 %	85 090	85 090	January 2006
Total interest rate swaps (current assets)			159 299	159 299	
Debts:					
JPY 15.000.000	3 mth No. interb. rent + 2,2675%	5,07 %	-105 456	-105 456	April 2034
JPY 15.000.000	-	-	-203 031	-203 031	April 2034
Total interest and currency swaps (debt)			-308 487	-308 487	

An interest rate swap is an agreement between two parties to exchange cash flows (interest) on an underlying contract amount for a given period. The interest swaps on the balance sheet date were made with Norwegian and foreign financial institutions with satisfactory ratings. The credit risk and cash obligations for the agreements are the difference between the agreed interest that was exchanged. This is substantially lower than the contract amount in the agreements. The agreements are made in order to obtain the desired bound interest.

Interest Rate Futures (IRF)

NOK thousands	Security/ underlying	Number	Nominal value NOK	Market value NOK	Average nominal value NOK	Due date
IRF bought	USD 3 mnd	393 000 000	2 362 977	0	298 190	March 2005
IRF bought	NZD 3 mnd	200 000 000	859 940	0	71 662	March 2005
IRF bought	EUR 3 mnd	61 000 000	499 245	0	41 604	June 2005
IRF bought	GBP 3 mnd	250 000 000	2 872 592	0	1 295 431	June 2005
IRF bought	USD 3 mnd	37 000 000	222 197	0	18 516	September 2005
IRF bought	USD 3 mnd	74 000 000	444 203	0	37 017	December 2005
IRF sold	USD 3 mnd	-475 000 000	-2 851 304	0	-2 352 765	December 2005
IRF sold	USD 3 mnd	-393 000 000	-2 358 395	0	-297 592	March 2006
IRF sold	EUR 3 mnd	-61 000 000	-498 617	0	-41 551	June 2006
IRF sold	USD 3 mnd	-37 000 000	-221 928	0	-18 494	September 2006
IRF sold	USD 3 mnd	-74 000 000	-443 749	0	-36 979	December 2006
Total IRF (current assets)			887 161	0	-984 962	

Interest rate future contracts with interbank offered rates as underlying instruments, so-called IRFs, are an agreement between two parties that have fixed the interest rate for a given period at a future date. Interest rate fluctuations generate premiums or discounts offset daily against a margin account. On the balance sheet date the credit risk is related to balances in the margin account in the clearing centre. The agreements are made in order to manage risk.

NOTE 14 Financial derivatives (cont.)

Futures

NOK thousands	Secure/ underlying	Number	Nominal value NOK	Market value NOK	Average nominal value NOK	Due
Future bought	EUR 2 år	2 500 000	23 124	0	23 225	March 2005
Future bought	EUR 5 år	3 700 000	35 662	0	45 427	March 2005
Future bought	EUR 10 år	5 100 000	50 913	0	28 122	March 2005
Future bought	GBP 10 år	23 000 000	302 271	0	218 164	March 2005
Future bought	JPY 10 år	700 000 000	58 369	0	21 119	March 2005
Future bought	USD 5 år	36 600 000	226 092	0	88 632	March 2005
Future bought	USD 10 år	1 300 000	8 465	0	123 194	March 2005
Future bought	USD 20 år	2 000 000	17 621	0	11 452	March 2005
Future sold	EUR 2 år	28 500 000	-263 616	0	-228 941	March 2005
Future sold	EUR 5 år	37 500 000	-361 441	0	-364 396	March 2005
Future sold	EUR 10 år	26 500 000	-264 550	0	-155 066	March 2005
Future sold	USD 10 år	22 500 000	-146 517	0	-35 134	March 2005
Future sold	USD 20 år	1 400 000	-12 335	0	-1 028	March 2005
Tot. Int. rate futures		-325 941	0	-225 230		

Futures contracts that have bonds as underlying instruments on the future purchase or sale of underlying bonds at a fixed rate of exchange. Premiums or discounts are offset daily against a margin account. On the balance sheet date the credit risk is related to balances in the margin account in the clearing centre. The agreements are made in order to manage risk.

Share index futures

NOK thousands	Secure/ underlying	Number	Nominal value NOK	Market value NOK	Average nominal value NOK	Due
Future bought	SWISS MKT INDEX	740	22 440	0	18 186	March 2005
Future bought	ASX 200 INDEX	875	16 828	0	13 157	March 2005
Future bought	S&P 500 INDEX	50 000	367 009	0	323 660	March 2005
Future bought	DJ EURO STOXX 50	4 050	98 399	0	79 946	March 2005
Future bought	FTSE100 INDEX	1 460	81 733	0	64 891	March 2005
Future bought	TOKYO INDEX	970 000	65 912	0	65 905	March 2005
Tot. share futures (curr. assets)			652 321	0	565 744	

A share index future contract is an agreement between two parties on the future purchase or sale of an underlying index at a fixed rate of exchange. Premiums or discounts are offset daily against a margin account. On the balance sheet date the credit risk is related to balances in the margin account in the clearing centre. The agreements are made in connection with the management of KLP's index portfolio in order to generate a return on balances in the portfolio's bank accounts equivalent to the same amount invested in shares.

Options on share indexes

NOK thousands		Average nom. value underlying NOK	Nominal value underlying NOK	Acquisition cost NOK	Market value NOK	Unrealized verdi NOK
Underlying index	Currency					
S&P 500 INDEX	USD	2 072 300	1 953 362	253 691	423 277	169 586
DJ EURO STOXX 50	EUR	633 933	664 269	33 795	46 040	12 245
FTSE100 INDEX	GBP	443 881	434 046	40 048	58 525	18 477
TOKYO INDEX	JPY	355 227	341 636	39 387	78 641	39 253
Total share options		3 505 341	3 393 313	366 921	606 482	239 561
Futures options					6 232	6 232
Tot. share options and futures (current assets)					612 715	245 794

Option on interest rate futures

NOK thousands		Average nom. value underlying NOK	Nominal value underlying NOK	Acquisition cost NOK	Market value NOK	Unrealized verdi NOK
Underlying index	Currency					
TYH5 Future	USD	336 393	336 144	1 160	832	-328
Sum total		336 393	336 144	1 160	832	-328

An option gives the buyer the right, but not the obligation, to buy/sell the underlying asset at a set price. When options are bought on share indexes, there is only one financial settlement. Options are used to achieve a desired return and risk profile. Options are an integral part of portfolio management. Gross and normal values provide only a limited expression of the extent of the positions. All of the above options are call options, with KLP as the buyer.

When buying options on interest rate futures they are settled on the assignment of the underlying securities. Options are used as a means of achieving a desired return and risk profile. Gross and nominal values only express the extent of the positions up to a certain point.

NOTE 14 Financial derivatives (cont.)

Forward exchange contracts KLP

NOK thousands Purchase	Sale	Amount in currency bought	Amount in currency sold	Market value NOK	Due	Average for. exch. bought per year	Average amount for. exch. sold per year
NOK	AUD	460 313	97 042	-275	January 2005	372 215	75 840
NOK	CAD	681 941	132 422	12 604	January 2005	498 510	95 918
NOK	CHF	372 990	69 426	3 186	January 2005	309 640	57 108
NOK	DKK	179 459	163 574	-1 567	January 2005	182 070	162 474
NOK	EUR	11 175 313	1 374 388	-137 713	January 2005	6 023 807	724 093
NOK	GBP	2 278 502	194 479	17 651	January 2005	1 942 231	158 484
NOK	HKD	94 553	120 033	1 017	January 2005	82 533	94 918
NOK	JPY	4 135 000	69 513 716	25 272	January 2005	3 926 727	62 648 266
NOK	NZD	277 105	63 818	-1 827	January 2005	150 265	34 215
NOK	SEK	703 852	774 622	-2 117	January 2005	599 252	653 422
NOK	SGD	29 379	7 841	286	January 2005	27 379	6 829
NOK	USD	9 221 566	1 507 691	90 589	January 2005	8 670 784	1 283 649
AUD	NOK	11 701	557 555	-206	January 2005	8 891	43 727
CAD	NOK	14 538	75 016	-1 528	January 2005	11 487	59 681
CHF	NOK	13 885	74 597	-637	January 2005	11 487	62 304
DKK	NOK	25 645	28 184	198	January 2005	24 591	27 595
EUR	NOK	151 050	1 226 964	16 455	January 2005	139 549	1 165 864
GBP	NOK	23 996	283 633	-4 626	January 2005	19 636	241 000
HKD	NOK	24 007	18 911	-203	January 2005	19 374	16 846
JPY	NOK	3 769 543	225 592	-2 776	January 2005	3 534 254	221 977
NZD	NOK	384	1 693	-14	January 2005	336	1 489
SEK	NOK	102 378	93 170	137	January 2005	84 147	77 056
SGD	NOK	1 568	5 878	-57	January 2005	1 433	5 746
USD	NOK	193 972	1 187 310	-12 509	January 2005	164 299	1 112 638
EUR	GBP	47 463	32 856	9 141	January 2005	47 463	32 856
EUR	JPY	38 328	5 332 686	-190	January 2005	38 328	5 332 686
EUR	USD	286 118	380 059	53 812	January 2005	286 118	380 059
USD	EUR	9 851	7 344	-803	January 2005	9 851	7 344
Total foreign exchange futures KLP				63 301			

Forward exchange contracts, GROUP

NOK thousands Purchase	Sale	Amount in for. currency bought	Amount in for. currency sold	Market value NOK	Due	Average annual amount in for. curr. bought	Average annual amount in for. curr. sold
NOK	AUD	463 421	97 702	-298	January 2005	375 547	76 534
NOK	CAD	689 277	133 849	12 727	January 2005	505 718	97 308
NOK	CHF	372 990	69 426	3 186	January 2005	309 640	57 108
NOK	DKK	764 173	679 574	10 071	January 2005	670 100	593 013
NOK	EUR	11 267 667	1 385 793	-139 241	January 2005	6 114 777	734 964
NOK	GBP	2 300 237	196 361	17 514	January 2005	1 959 198	159 865
NOK	HKD	94 553	120 033	1 017	January 2005	82 533	94 918
NOK	JPY	4 191 400	70 463 571	25 511	January 2005	3 982 585	63 536 575
NOK	NZD	277 105	63 818	-1 827	January 2005	150 265	34 215
NOK	SEK	703 852	774 622	-2 117	January 2005	599 252	653 422
NOK	SGD	29 379	7 841	286	January 2005	27 379	6 829
NOK	USD	9 266 419	1 515 035	90 969	January 2005	8 714 117	1 290 071
AUD	NOK	11 701	557 555	-206	January 2005	8 908	43 808
CAD	NOK	14 538	75 016	-1 528	January 2005	11 527	59 893
CHF	NOK	13 885	74 597	-637	January 2005		62 304
DKK	NOK	25 645	28 184	198	January 2005	24 591	27 595
EUR	NOK	151 050	1 226 964	16 455	January 2005	139 549	1 165 864
GBP	NOK	23 996	283 633	-4 626	January 2005	19 636	241 000
HKD	NOK	24 007	18 911	-203	January 2005	19 374	16 846
JPY	NOK	3 769 543	225 592	-2 776	January 2005	3 534 254	221 977
NZD	NOK	384	1 693	-14	January 2005	336	1 489
SEK	NOK	102 378	93 170	137	January 2005	84 147	77 056
SGD	NOK	1 568	5 878	-57	January 2005	1 433	5 746
USD	NOK	193 972	1 187 310	-12 509	January 2005	164 434	1 113 589
EUR	GBP	47 463	32 856	9 141	January 2005	47 463	32 856
EUR	JPY	38 328	5 332 686	-190	January 2005	38 328	5 332 686
EUR	USD	286 118	380 059	53 812	January 2005	286 118	380 059
USD	EUR	9 851	7 344	-803	January 2005	9 851	7 344
Total futures GROUP				73 994			

A forward exchange contract is an agreement to buy or sell a set amount of currency on a future date at an agreed exchange rate. Currency is traded forward in order to hedge foreign investments against exchange rate fluctuations. The forward exchange contracts are made with Norwegian and foreign banks with satisfactory ratings, and the credit risk is assessed as minimal. Forward exchange contracts are treated as current assets for accounting purposes.

NOTE 15 Securities adjustment fund financial short-term assets

NOK thousands	Ref. note	Acquisition cost	Market value/ Real value	31.12.04	Securities reserves 31.12.03	31.12.02
Shares and holdings	11	17 021 953	18 035 849	1 013 896	479 248	-1 247 983
Bonds and certificates	12	30 656 778	30 419 497	-237 281	75 626	234 056
Derivatives	14	368 081	772 846	404 765	411 195	-73 493
Positive securities reserves from subsidiaries				18 561	11 850	136
Total securities reserves, financial current assets				1 199 940	977 919	-1 087 285
of which unrealized for. exch.gains entered in profit and loss account due to exch. rate hedging				1 395 514	405 884	620 715
Base for transfer to securities adjustment fund				2 595 454	1 383 803	-466 571
Securities adjustment fund				2 595 454	1 383 803	0

NOTE 16 Mortgage loans and other loans

Credit losses

NOK thousands	Housing loans	Other loans	Total
Specific credit loan provisions as at 01.01.04	143	0	143
Recoveries of previous specific losses	-128	0	-128
Specific credit loss provisions for the period	74	6 950	7 024
Specific credit loan provisions as at 31.12.04	90	6 950	7 040
General credit loss provisions as at 01.01.04	900	2 100	3 000
General credit loss provisions for the period	0	0	0
General credit loss provisions as at 31.12.04	900	2 100	3 000
Established credit losses in 2004	74	0	74
Recoveries of previous established losses in 2004	-108	-1 148	-1 255
Total established losses in 2004	-33	-1 148	-1 181

Defaulted and doubtful loans

NOK thousands	2004	2003	2 002
Total defaulted loans			
Number of loans	148	180	201
Total principal before credit loss provisions	56 389	73 784	65 948
Credit loss provisions	-2 007	-72	-129
Total principal after credit loss provisions	54 383	73 712	65 819
Other doubtful loans			
Number of loans	2	1	2
Total principal before credit loss provisions	17 033	72	206
Credit loss provisions	-5 033	-72	-206
Total principal after credit loss provisions	12 000	0	0

Mortgage loans and other loans by debtor group

NOK thousands	Book value 31.12.04	Book value 31.12.03	Book value 31.12.02
Municipalities	6 060 917	6 721 132	6 670 994
County municipalities	1 172 134	1 407 100	1 393 752
Wage and salary earners	6 651 298	6 718 802	6 582 465
Municipal enterprises	834 055	810 530	983 195
Limited companies	865 141	1 102 706	1 188 037
Private mortgage companies	56 479	68 404	79 351
Other	693 783	768 805	803 865
Gross lending	16 333 808	17 597 480	17 701 659
Specific credit loss provisions	-7 040	-143	-335
General credit loss provisions	-3 000	-3 000	-3 000
Mortgage loans and other loans as at 31.12.	16 323 768	17 594 337	17 698 323
<i>of which:</i>			
Fylkeshuset i Sør-Trøndelag AS	0	58 274	60 657
Receivables from and securities issued by enterprises in the same group	0	58 274	60 657
Fylkeshuset i Sør-Trøndelag AS	55 891	0	0
Askim Rådhus AS	57 336	59 394	61 451
Gjøvik Rådhus AS	39 120	41 040	27 600
Karmøy Rådhus AS	27 600	28 750	29 900
Lillesand Administrasjonsbygg AS	7 617	7 899	8 181
Receivables from and securities issued by associated companies	187 565	137 083	127 132
Mortgage loans	7 154 330	7 347 578	7 524 337
Other loans	8 981 873	10 051 402	9 986 198
Total	16 323 768	17 594 337	17 698 323

NOTE 17 Buildings and other real estate

NOK thousands	Location	Type of property	Total floor space (m ²)	Of which own use	Average rent per m ²	Lease period (years)	Lease ration	Book value
Directly owned property								
Scandinavia Hotel	Oslo	Hotel	37 505	0	1 433	15,0	100,0 %	762 248
Sites	Oslo	Sites	385 450	0	0	47,1	100,0 %	450 000
Fondbygget	Oslo	Office	10 518	0	2 225	2,9	96,2 %	266 591
Other directly owned property	Hele landet	Office/residential	48 114	0	917	5,5	97,0 %	754 017
Total directly owned property			481 587	0				2 232 856
Property investments via subsidiaries								
Frydenlund - Høgskolen i Oslo	Oslo	Educational/office	86 221	0	1 239	8,3	99,0 %	1 347 389
Byporten	Oslo	Shopping centre/hotel/office	44 929	0	1 991	5,6	99,1 %	1 076 930
Paléet	Oslo	Shopping centre/office	25 503	9 031	2 849	4,2	100,0 %	671 254
GlasMagasinet	Oslo	Shopping centre/office	27 780	0	1 697	2,7	96,5 %	525 067
Trondheimsveien 2	Oslo	Educational/	55 271	0	1 156	2,6	94,7 %	509 829
Lensmannsli 4 (Bondi)	Asker	Office	31 937	0	1 426	6,7	100,0 %	438 623
Ørestaden	København	Office	33 000	491		6,8		406 825
Holbergs Terrasse	Oslo	Office	25 524	2 201	1 409	2,3	99,2 %	377 028
Frydenlund - residential	Oslo	Residential	26 813	0	985	2,2	92,9 %	375 534
Hotel Atlantic	Stavanger	Hotel	25 790	0	970	11,7	100,0 %	353 958
Gryta 4 - Police building	Trondheim	Office	16 735	0	1 593	19,0	93,0 %	320 000
Pilestredet 75C	Oslo	Office	25 687	0	807	3,9	97,8 %	171 584
Abels gate 5 (Teknobyen - "Technology city")	Trondheim	Office	12 427	541	1 170	3,9	94,0 %	166 616
Hotel Park Inn (formerly Globetrotter)	Stavanger	Hotel	16 895	0	618	11,7	100,0 %	136 607
Ranheimsveien 10	Trondheim	Office	17 422	0	903	6,0	100,0 %	133 759
Other	Oslo/Trondheim	Office/residential	188 886	0	1 190	5,5	97,0 %	1 627 838
Total property investments via subsidiaries			660 820	12 264				8 638 841
¹ Buildings and other real estate			1 142 407	12 264		7,6	97,0 %	10 871 697

¹ The line "Buildings and other real estate" shows the value of properties at Group level. The difference between the Group value and the value in the company accounts is due to property investments being shown according to the equity method in the parent company. The value for accounting purposes of the property as at 31.12.04 is shown in Note 9.

In most cases the lease contracts allow rents to be adjusted in line with the consumer price index.

Floor space for own use

Property	Location	Floor space	Lease expires
Holbergs Terrasse	Oslo	2.201	17.04.08
Paléet Karl Johan	Oslo	9.031	31.12.09
Abels gate 5	Trondheim	541	31.08.07
Arne Jacobsens Allé	København	491	

Rental income from own use is calculated on the basis of estimated market rent.

Calculation of actual value

The actual value as at 31.12.04 is based on the discounting of an estimated 20-year cash flow.

The discount rate corresponds to the market's conservatively assessed required return for equivalent properties.

Main components in calculation of future cash flow

- present terms, lease expiry and estimated market rent
- unlet floor space with estimated market rent
- estimated annual inflation
- annual adjustment of rent as a percentage of inflation
- general vacancy rate
- normal running costs
- renovation costs per sq.m. for new letting
- number of months without tenants upon expiry of lease

NOTE 18 Changes in buildings and other real estate during the year

NOK thousands	KLP	GROUP
Book value as at 01.01.04	10 021 309	9 886 057
Change in value of property subsidiaries as a result of the equity method of accounting	31 540	0
Additions	455 753	665 850
Disposals at adjusted value	-48 022	-170 568
Positive value adjustments of buildings and other real estate	559 094	559 094
Negative value adjustments of buildings and other real estate	-68 736	-68 736
Book value as at 31.12.04	10 950 938	10 871 697
Total value adjustments and reversals as at 31.12.04	1 778 618	1 778 618

NOTE 19 Investments in and sales of buildings and other real estate

NOK thousands	KLP		GROUP	
	Investments	Selling price	Investments	Selling price
2004	455 753	60 949	665 850	170 568
2003	301 116	56 117	347 340	149 828
2002	322 114	64 155	399 802	257 284
2001	689 153	0	502 919	0
2000	1 530 757	67 789	1 660 404	92 199

NOTE 20 Intangible assets

NOK thousands	KLP	GROUP
	Cap. IT-systems	Cap. IT-systems
Book value as at 1 January	96 848	101 956
Acquisition cost as at 1 January.	149 480	157 028
Additions	30 375	32 397
Disposals	0	0
Acquisition cost as at 31 December	179 855	189 425
Accumulated depreciation previous years	-52 633	-55 071
Ordinary depreciation for the year	-28 443	-31 140
Write-downs	0	0
Book value as at 31 December	98 780	103 213
Depreciation period	3 to 9 years	3 to 9 years

NOTE 21 Owners' equity movements

NOK thousands	KLP	GROUP
Paid-up equity		
Paid-up equity as at 01.01.04	2 201 573	2 201 573
Paid-up equity contributed in 2004	416 646	416 646
Paid-up equity repaid in 2004	-20 015	-20 015
Paid-up equity as at 31.12.04	2 598 204	2 598 204
Retained earnings		
Retained earnings as at 01.01.04	1 666 391	1 666 969
Transferred from profit for the year	143 026	143 026
Retained earnings as at 31.12.04	1 809 417	1 809 994
Total equity as at 31.12.04	4 407 621	4 408 199

NOTE 22 Subordinated loan capital and perpetual subordinated loan

Loans taken up

NOK thousands	Loan amount currency	Loan amount NOK	Unrealised income(-) /costs(+)	Accum. realised agio(-)/disagio(+)	Interest cost	Book value 31.12.04	Due date
June 1999	EURO 110 000	895 037	0	8 500	11 262	0	Redeemed
October 1997	JPY 9 500 000	553 945	7 567	0	23 182	561 512	Perpetual
April 2002	EURO 100 000	762 100	61 150	0	26 929	823 250	April 2012
Total subord. loan cap.		2 211 082	68 718	8 500	61 374	1 384 763	
April 2004	JPY 15 000 000	983 550	-308 646	0	30 386	674 904	Perpetual
Total perpetual subordinated loan			983 550	-308 646	0	30 386	674 904
Total subord. loan cap. & perpet. subord. loan		3 194 632	-239 928	8 500	91 760	2 059 667	

EURO 110 000 000: The loan and associated hedging transactions were redeemed on the loan's call date 1 Jun 2004

JPY 9 500 000 000: The interest on the loan is fixed at 4 % p.a. The loan is perpetual but KLP has the right to redeem the loan after 20 years. After 30 Oct 2017 the interest will be the higher of fixed 4.75 % p.a. and 6 month JPY interest +2.05 % p.a. A balancing transaction has been entered into with a loan issued for JPY 9 500 000 nominal at 6 month JPY interest +1.3 % p.a. In connection with this an interest rate swap has also been entered into with an underlying value of JPY 9 500 000 where KLP receives 4.1 % p.a. and pays 6 month JPY interest +1.3 % p.a. This interest rate swap matures on 30 Oct 2017. The hedging/balancing transaction KLP has in the loan and in the interest rate swap are shown in the table below.

EURO 100 000 000: The interest on the loan is 3 months EURO rate + margin. Until 11 Apr 2007 the margin is 1.05 % p.a. and thereafter 1.80 % p.a. until maturity. The loan matures on 11 Apr 2012 and will then be redeemed at par. To reduce the currency risk on the loan forward exchange contracts have been entered into that are renewed monthly. The hedging is shown in the table below.

JPY 15 000 000 000: The interest on the loan is fixed USD interest at 5.07 % p.a. The loan is perpetual but KLP has the right to redeem the loan on 28 Apr 2034. If KLP does not exercise its redemption right in 2034 the loan will have flexible interest. The credit margin will then increase by 1 percentage point to 6 month JPY LIBOR rate + margin of 3.30 % p.a. To hedge the interest and exchange risk associated with the loan a combined interest and exchange rate swap has been entered into in which KLP pays 3 month NIBOR rate + margin of 2.6475 % p.a. and receives USD interest of 5.07 % p.a. This hedging transaction is shown in the table below.

Total costs associated with subordinated loan capital and perpetual subordinated loans are NOK 95.1 million in 2004.

Subordinated loan capital and a proportion of perpetual subordinated loans are included as supplementary capital in calculating capital adequacy (see Note 23). In accordance with the capital adequacy rules the lower exchange rate of the rate on the date of uptake and the rate on the calculation date shall be used as a basis for calculation of eligible primary capital. The total proportion of subordinated loan capital and perpetual subordinated loans to be included as supplementary capital in the calculation of capital adequacy is NOK 1 450.6 million as at 31 Dec 2004. This amounts to 22.27 % of net primary capital. In addition NOK 759.6 million of the perpetual subordinated loan is included as core capital in the capital adequacy. This comprises 15 % of total core capital.

Hedging transactions

NOK thousands	Nominal currency	Nominal NOK on take up	Acquisition cost NOK	Unrealised income (+) /costs (-)	Accum. realised agio(+)/disagio(-)	Book value 31.12.04	Due date
Bonds	1) EURO 109 350	882 713	962 577	0	5 330	0	Redeemed
Lending	1) JPY 9 500 000	553 945	553 945	7 567	0	561 512	Oct. 2017
Interest rate swap	1) 2) JPY 9 500 000	553 945	0	56 303	0	0	Oct. 2017
Forward exchange contrs.	3) EURO 100 000	810 000	810 000	12 917		822 917	Revolving with
	NOK -809 760	-809 760	-810 000	481	41 763	-809 519	1 month contracts
Interest and exchange swap	JPY 15 000 000	983 550	0	-308 487	0	-308 487	April 2034
Total hedging transactions.		2 974 393	1 516 522	-231 218	47 093	266 424	

1) Nominal in NOK is calculated on the basis of the exchange rate at take up.

2) The interest rate swap is classified as fixed assets and valued for the accounts at the lower of cost of acquisition and actual value.

3) Realised agio/disagio has arisen because hedging instruments have been realised in the course of the period.

NOTE 23 Capital adequacy

NOK thousands	2004	KLP 2003	2002	2004	GROUP 2003	2002
Core capital	5 167 208	3 867 964	3 712 111	5 167 785	3 868 542	3 708 309
Supplementary capital	1 450 624	2 246 869	2 081 310	1 450 624	2 246 869	2 081 310
Less intangible assets	-98 780	-96 848	0	-103 656	-101 956	0
Net primary capital	6 519 052	6 017 986	5 793 421	6 514 753	6 013 456	5 789 619
Assets and off balance sheet items by risk category						
Risk weighting 0 %	46 057 029	40 054 270	24 782 744	48 061 743	41 407 591	25 965 897
Risk weighting 10 %	778 979	1 748 185	1 301 059	1 028 352	1 839 851	481 045
Risk weighting 20 %	53 958 728	53 785 531	61 558 090	67 572 806	65 150 471	72 590 004
Risk weighting 50 %	6 684 990	6 759 059	6 657 780	6 612 122	6 686 466	6 661 011
Risk weighting 100 %	33 169 503	23 148 004	18 393 882	33 810 264	23 664 748	18 643 679
Off balance sheet items	24 816 373	19 595 508	14 842 324	59 602 777	47 355 522	36 420 476
Weighted balance sheet assets	47 381 554	37 458 898	34 097 326	50 733 633	40 221 500	36 573 120
Weighted off balance sheet assets	278 629	276 252	257 900	812 449	613 563	557 632
Unrealised gains on short term financial assets	-1 105 002	-560 148	-743 224	-1 105 002	-560 148	-743 224
Loss provisions	-10 040	-3 143	-3 335	-10 040	-3 143	-3 335
Risk-weighted calculation base	46 545 141	37 171 859	33 608 667	50 431 041	40 271 772	36 384 193
Capital adequacy in %	14,01 %	16,19 %	17,24 %	12,92 %	14,93 %	15,91 %

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 subordinated loans are included as core capital up to 15 % of other core capital (paid up equity and retained earnings), whilst the surplus counts as supplementary capital.

Perpetual subordinated loans are reclassified from supplementary capital to core capital in step with the increase in other core capital.

Supplementary capital

Supplementary capital comprises perpetual subordinated loans eligible as supplementary capital (see above) and subordinated loan 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 date of uptake, apart from the subordinated loan in Japanese Yen (JPY). For this the exchange rate as at 29.10.01 is used, the date of the application to the Financial Supervisory Authority of Norway to use a different exchange rate as the basis.

NOTE 24 Solvency margin requirement and solvency margin capital

The solvency margin requirement in accordance with regulations issued by the Ministry of Finance was NOK 4 911 m as at 31.12.04 KLP's total solvency margin capital amounts to NOK 8 602 m, which corresponds to 175,2 % of the solvency margin requirement. The corresponding figures as at 31.12.03 was 170,7 %.

NOTE 25 Return

	2004	2003	2002	2001	2000
Return on capital	5,98 %	6,91 %	3,01 %	0,21 %	12,46 %
Average return	6,02 %	6,95 %	3,04 %	0,44 %	12,48 %
Return on adjusted capital	6,87 %	8,15 %	3,01 %	-0,27 %	3,00 %

The rates of return are calculated in accordance with a regulation issued by the Financial Supervisory Authority of Norway on the target for the return of capital of life insurance companies.

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 the allocations to/transfers from the securities adjustment fund for the year.

The average return is the calculated return on the technical reserves earmarked for policyholders.

The return on adjusted capital is the calculated return on the company's total assets based on the book financial income for the year before the allocation to/transfer from the securities adjustment fund for the year.

NOTE 26 Sales costs

NOK thousands	2004	2003	2002
Salaries	28 947	23 072	20 761
Commissions	169	3 211	2 657
Other costs	33 035	26 149	24 847
Sales costs	62 151	52 432	48 265

NOTE 27 Pension liabilities for own employees

The company's pension liabilities is basically covered technically through the Common Municipal Pension Scheme (KLP FP) and group annuity in KLP. Other pension liabilities are covered via the business.

The technical handling of pension liabilities is described in detail in Note 1.

NOK thousands	KLP FP	Group annuity	Pension via operation	Total
Accrued pension entitlements for the year	15 473	1 493	0	16 966
Interest costs	12 204	1 299	1 414	14 918
Gross pension costs	27 678	2 793	1 414	31 884
Expected return	-10 388	-1 428	0	-11 816
Administration costs	753	45	0	798
Changed estimates booked in profit and loss account	965	1 971	5 131	8 066
Net pension costs before employer's contributions	19 007	3 380	6 545	28 932
Employer's social insurance contributions	2 680	477	923	4 079
Net pension costs after employer's contributions	21 687	3 857	7 467	33 012
Gross accrued pension liabilities	213 330	24 429	30 587	268 346
Pension assets	177 405	-23 691	0	153 714
Net pension liabilities/assets before employer's contributions	35 925	738	30 587	67 250
Changed estimates/variations not booked in profit and loss account	-32 527	0	0	-32 527
Net pension liabilities/assets before employer's contributions	3 398	738	30 587	34 723
Employer's social insurance contributions	479	104	4 313	4 896
Net pension liabilities/assets after employer's contributions	3 877	842	34 900	39 619
Number of employees covered by the liability		305	24	
Number of pensioners covered by the liability	94		26	
Number of listed rights covered by the liability	101	13	8	
Economic assumptions (common to all pension schemes)				
Annual return				6,5 %
Discount rate				6,0 %
Annual growth rate in salaries				3,5 %
Annual growth in the National Insurance basic amount				3,5 %

NOTE 28 Employees and elected representatives. Salaries and loans. Audit fee

	2004	2003	2002
Number of co-workers in life insurance company as at 31st December	305	297	292
Number of co-workers with contracts of employment in life co. at 31.12	372	353 ¹⁾	413
Number of co-workers in the Group as at 31.12.	480	469 ¹⁾	535
Average number of co-workers in the life insurance company	301	295	295
Average number of co-workers with contracts of emp. in the life company	363	349 ¹⁾	409
Average number of employees in the Group	475	468 ¹⁾	513
NOK thousands			
Salary and other remuneration to Group Chief Executive Officer	1 971	1 939	1 887
Salary and other remuneration to Group Management except Group CEO	4 788	4 719	4 589
Remuneration to KLP Board members	1 177	1 192	1 090
Remuneration to KLP's Board of Directors	221	216	210
Remuneration to KLP's Supervisory Board	430	612	590
Audit fees KLP	1 450	1 923	1 249
Audit-related services from auditors, KLP	380	44	541
Consultancy from auditor in connection with demutualisation, KLP	0	1 962	0
Audit fee Group, incl. parent company	2 541	3 047	2 245
Audit-related services from auditors, Group, incl. parent company	456	245	623
Loans to Group management (5 vice-presidents)	9 902	10 627	13 591
Of which loan to Group CEO	2 250	3 647	3 788
Loans to Group employees, excl. Group management	394 653	399 177	417 037
Loans to Board of Directors, incl. employee representatives	2 973	3 224	3 114
Loans to members of Control Committee	1 166	1 908	2 014
Loans to members of Supervisory Board, incl. employee representatives	16 407	19 151	18 690

¹⁾ The administration agreement with NPE - an organisation to assist patients - terminated on 31.12.02. NPE co-workers were employed with KLP, and the employment contracts are thus terminated.

The item "Salary and other remuneration to Group CEO" does not include pension expenses. The Group CEO participates in the same way as other employees in KLP's pension schemes. In addition he has an agreement that implies that if he continues his services with KLP he is ensured a minimum total pension that includes national insurance, a service pension from KLP and a service pension from previous employment contracts, which equals a gross pension with full accrual through KLP's employee pension scheme.

Apart from employees of the property companies, KLP Kapitalforvaltning ASA and the managing director of KLP Fondsforvaltning AS, all co-workers are formally employed with Kommunal Landspensjonskasse (KLP), irrespective of their organisational association. Of these, 67 co-workers are affiliated with KLP - Skadeforsikring AS og KLP Fondsforvaltning AS workwise and organisationally.

There are no specific agreements of a financial nature between the company and the Group CEO, the individual Board members or the individual employees in executive positions. All co-workers in the Group may take up loans from KLP on normal borrowing terms for employees. No senior staff have terms that differ from this rule. Loans are only granted Board members, Control Committee members and Supervisory Board members who are members of a KLP pension scheme through their respective employers on normal borrowing terms.

NOTE 29 Tax

Tax expense

NOK thousands	2004	2003	2002
The tax expense for the year is calculated as follows			
Tax payable	0	0	0
Change in deferred tax	0	0	0
Tax expense on ordinary profit	0	0	0
Wealth tax	0	0	0
Total tax charge	0	0	0
Profit before tax expense	143 026	177 000	0
Permanent differences			
- Shares/share derivatives within the EEA	-1 073 439	-42 717	-194 022
- Share dividend received from companies within the EEA	-174 497	0	0
- Other permanent differences	8 624	24 453	1 131
Change in temporary differences relating to			
- Profit / loss account	-8 775	-28 667	36 972
- Long-term accounts receivable / long-term debt in foreign currency	-352 576	235 517	-116 445
- Pension liabilities	3 624	-4 182	61
- Difference from investment in internal partnerships	0	0	-40 122
- Buildings and real estate	-4 529	15 044	-73 159
- Securities reserve fund	303 894	1 383 803	0
- Shares and other securities	1 693 637	-2 223 475	842 581
- Shares in internal partnerships	-87 226	-34 791	-117 445
Tax base for the year	451 764	-498 014	339 552
on which 28 % tax	126 494	0	95 074
Effect of tax allowance carried forward for previous years	-126 494	0	-95 074
Tax expense on ordinary profit	0	0	0

Temporary differences

NOK thousands	2004	2003	2002
Temporary differences as at 31.12. related to			
- Profit / loss account	-1 487	-10 261	-38 928
- Long-term accounts receivable / long-term debt in foreign currency	247 496	-105 080	130 437
- Pension liabilities	-38 850	-35 226	-39 407
- Difference from investment in internal partnerships	0	0	0
- Buildings and real estate	156 213	151 684	166 728
- Securities reserve fund	-1 687 698	-1 383 803	0
- Shares and other securities	-119 010	1 574 627	-648 848
- Shares in internal partnerships	906 976	819 750	784 959
- Deficit carried forward and effect of tax allowance carried forward	-1 050 596	-1 516 456	-954 026
Base for calculation of deferred tax asset	-1 586 955	-504 766	-599 084
Deferred tax asset, not recorded on the balance sheet (28 % tax)	444 348	141 334	167 744

Breakdown of tax effect of temporary differences and tax deficit / allowance carried forward

NOK thousands	31.12.04		31.12.03	
	Asset	Liability	Asset	Liability
Profit / loss account	416	0	2 873	0
Long-term accounts receivable / long-term debt in foreign currency	0	69 299	29 422	0
Pension liabilities	10 878	0	9 863	0
Difference from investment in internal partnerships	0	0	0	0
Buildings and real estate	0	43 740	0	42 472
Securities reserve fund	472 555	0	387 465	0
Shares and other securities	33 323	0	0	440 895
Shares in internal partnerships	0	253 953	0	229 530
Deficit carried forward and effect of tax allowance carried forward	294 167	0	424 608	0
Total	811 340	366 992	854 232	712 897
Net deferred tax asset / liability	444 348	0	141 334	0
Deferred tax asset not recorded on balance sheet	444 348	0	141 334	0
Net deferred asset / liability recorded on balance sheet	0	0	0	0

KLP's tax position dictates that deferred tax assets should not be used. Deferred tax assets are therefore not recorded as assets on the balance sheet.

NOTE 29 Tax (cont.)

Deficit carried forward / tax allowance carried forward

NOK thousands	Deficit c/forward	Allowance c/forward	Total	Year of expiry
Year of origin				
Year 1999	0	97 394	97 394	Year 2009
Year 2000	0	126 529	126 529	Year 2010
Year 2001	109 842	86 792	196 634	Year 2011
Year 2002	0	67 608	67 608	Year 2012
Year 2003	506 832	55 599	562 431	Year 2013
Year 2004	0	0	0	Year 2014
Total	616 674	433 923	1 050 596	

Wealth tax

NOK thousands	31.12.04	31.12.03	31.12.02
Wealth	129 756 433	119 392 145	103 423 437
Debt	-134 481 007	-121 121 165	-108 914 819
Net wealth	-4 724 573	-1 729 020	-5 491 382
Wealth tax (0,3%)	0	0	0

GROUP

The tax charge for the Group is identical to the tax charge for the parent company. The Group's tax position does not differ to any significant extent from the parent company's tax position.

NOTE 30 Transactions with related parties

Kommunal Landspensjonskasse and the wholly-owned subsidiaries KLP Skadeforsikring AS, KLP Kapitalforvaltning ASA, KLP Eiendom AS, KLP Fondsforvaltning AS og Kommunal Forsikringservice AS are independent legal entities. To varying degrees the subsidiaries are managed by the parent company on the basis of agreement approved at Board level concerning commercial matters. The companies cover the costs actually incurred by KLP in connection with the management of its operations.

Apart from the loan administration, KLP has transferred a large part of its asset management to KLP Kapitalforvaltning ASA, KLP Eiendom AS and KLP Fondsforvaltning AS. Asset management services are invoiced on normal market terms and conditions.

KLP rents office premises from Paléet Karl Johan ANS, and Byporten ANS rents the site from KLP. Normal terms and conditions apply to both.

All purchases and sales of financial assets between the companies are conducted at market prices.

NOTE 31 Conditional liabilities

As guarantor, KLP has taken on the responsibility towards DnB NOR Bank ASA on behalf of NOS ASA for any liability, including interest, charges, commission, costs and compensation in connection with a premature redemption, that NOS ASA has incurred or might incur vis-à-vis DnB NOR Bank ASA in connection with the latter granting a loan of NOK 40 m, falling due on 28 February 2005.

The liability as a guarantor is to constitute 10/40 of DnB NOR Bank ASA's claim connected with the loan, limited upwards to NOK 10 m.

REPRESENTATIVES, MANAGEMENT AND CONTACT DETAILS

KOMMUNAL LANDSPENSJONSKASSE

The Supervisory Board

(elected by the General Meeting Spring 2004)

Chair: Gunn Marit Helgesen

Deputy Chair: Paul Dahlø

Odd Andersen
Sveinung Aune
Tor Berge
Hilde Christiansen
Rannveig E. Eidet
Arild Eielsen
Hege Valør Fagertun
Kjell Fosse
Sylvi Graham
Erik Arne Hansen
Thorvald Hillestad
Jan Roger Olsen
Ole Haabeth
Gerd Janne Kristoffersen
Arne Olav Loeng
Britt Lund
Mette Qvortrup
Kjell Arvid Svendsen
Jorun Ur
Ole-John Østenstad
Rigmor Aasrud
Kjellfrid Blakstad
Anne Grethe Skårdal
Jan Helge Gulbrandsen
Kari Mette Tenmann
Bente G.H. Slåtten
Anne-Gry Rønning Moe
Erting Bendiksen
Arne Henriksen
Siv Holland
Terje Granvold
Torgeir Gustafson
Jørn Jevne
Pål Jevne
Anne Beate Lien
Gry Løvlund
Ove Norderud
Anne Westad
Jorunn Wien
Freddy Larsen
Sylvia Johnsen
Rune Rosberg

Contol Committee

Ole E. Øverland
Kjell Pettersen
Jan Rune Fagermoen
Aud Mork
Anne-Marie Barane

Deputy Member

Paul Nilsen

THE GROUP BOARD OF DIRECTORS

Chair: Siri Austeng

Deputy Chair: Borger A. Lenth

Anne-Britt Norø

Ole Hetland

Herlof Nilssen

Tove Stangnes (representative of employee organisations)

Steinar Fuglevaag (staff representative)

Rune Brakstad (staff representative)

Kristin Sørheim, attending deputy

Alf Ø. Bowitz, observer from YS-K
Erik Bårdseng, observer from UHO

KLP SKADEFORSIKRING AS

The Board of Directors

Chair: Bjørn Kristoffersen

Deputy Chair: Elisabeth Enger

Andreas Kjær
Åmund T. Lunde
Benedicte Bakke Agerup
Bengt K. Hansen

MD: Hans Martin Hovden

KLP KAPITALFORVALTNING ASA

The Board of Directors

Chair: Bjørn Kristoffersen

Iver Lund
Kjersti Storm
Bjørn Hamre

MD: Sverre Thornes

KLP EIENDOM AS

The Board of Directors

Chair: Bjørn Kristoffersen

Per W. Fossum
Iver Lund
Per Victor Nordan
Svein Sivertsen

MD: Steinar Manengen

KLP FORSIKRINGSSERVICE AS

Styret

Chair: Rolf Karlsen

Roy Halvorsen
Wenche Øverås
Helge Litangen
Åmund T. Lunde

Director: Anne Käte Grøholt

KLP FONDSFORVALTNING AS

The Board of Directors

Chair: Sverre Thornes

Erik Bartnes
Per Victor Nordan
Inge Nordeide
Kari A. Mørk
Irene Ormestad

MD: Ståle Øksnes

MANAGEMENT

Group Chief Executive Officer:

Bjørn Kristoffersen

Chief Financial Officer:

Benedicte Bakke Agerup

Executive Vice President - Pension &

Life Insurance: Åmund T. Lunde

Executive Vice President -

Communication: Ole Jacob Frich

Executive Vice President - Group

Services: Iver Lund

Chief Actuary: Roar Engen

Financial Manager: Kjersti Storm

AUDITOR

Deloitte

State Authorised Public Accountant

Terje Boasson

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KLP Forsikringsservice AS
967 696 676

KLP Eiendom AS
913 711 866

KLP Fondsforvaltning AS
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