



NORSK TIPPING

and the winning numbers are

Norsk Tipping Annual Report 2002

1/4

of the national culture budget

300 challenging jobs

1 050 000 000 NOK to culture

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main figures

NOK mill	2002	2001	2000	1999	1998
Games revenue	9 734	8 607	8 277	8 042	7 619
Internal costs, games	718	672	629	594	581
Cost ratio, games	7.4 %	7.8 %	7.6 %	7.4 %	7.6 %
Profit	3 096	2 847	2 764	2 719	2 559
Profit ratio	31.8 %	33.1 %	33.4 %	33.8 %	33.6 %
No of employees, 31.12.	299	289	273	260	242

Norsk Tipping is Norway's leading games company, wholly-owned by the Norwegian state. The objective is to generate the highest possible profit for the benefit of good causes in society. The profit is divided equally between the sports and culture sectors. In a transition period, a part of the profit is also allocated to the research sector. The company operates the games of chance, Lotto, Viking Lotto and Joker; the games of skill Tipping and Oddsen, and the scratch game Flax. In addition, the company operates the TV game, Extra, on behalf of the Norwegian Foundation for Health and Rehabilitation.

highlights

RECORD REVENUE, OPERATING

PROFIT AND PROFIT FOR DISTRIBUTION

Games revenue increased by 13.1 per cent to NOK 9 734 million. Operating profit increased by 8.7 per cent and ended at NOK 3 096 million. Profit for distribution was NOK 2 903 million, an increase of NOK 5.3 per cent.

SIGNIFICANT GROWTH FOR ODDSEN

Revenue grew for all games except Tipping. Oddsen experienced exceptional growth, and is now Norsk Tipping's second largest game.

WWW.NORSK-TIPPING.NO LAUNCHED

Norsk Tipping's digital games shop was opened, featuring a specially designed solution for secure payment and identification. During the course of the year, 35 000 persons have become "digital players."

ADVERTISING AWARD

The TV advertisement "Tufte," promoting Lotto, was voted "best TV commercial" of the year.

ORGANISATIONAL CHANGES

To meet future challenges in the gaming market, a new organizational structure was designed, to be fully implemented during 2003.

PREPARATIONS FOR TAKE-OVER OF THE GAMES MACHINE MARKET

On behalf of the Government, Norsk Tipping has prepared the grounds for a possible take-over of the games machine market, with machines operated and centrally controlled in a nationwide network.

NEW PRINCIPLE FOR PROFIT DISTRIBUTION

The Parliament has decided that the profits generated by Norsk Tipping will be divided equally between the sports and culture sectors beginning in 2004. During the transition period, the research sector will be allocated a portion of the profit.

3 850 retailers

1 440
sports arenas

21 210 000 prizes

Norsk Tipping is all about numbers – big numbers, significant numbers. For the players, winning numbers and prizes are in focus. For the company's employees, business-related numbers such as games revenue and market shares are on the daily agenda, while the beneficiaries are interested in the end result, the profits generated. The objective of generating the largest possible profit is the fuel that drives Norsk Tipping forward. Perhaps without thinking too much about it, the players all contribute to a richer life for us all with their small and large stakes during the year.

The joy of playing – in a responsible way

Norsk Tipping is entrusted with administering significant sums of money on behalf of individuals and the society. To do a good job, we depend on the confidence of players, authorities and everyone else we are working for and with. We have to earn this confidence every day, by conducting our business in an unimpeachable and socially responsible way.



Norsk Tipping's mission states that our job is to generate as high a profit as possible for our beneficiaries – however, not at all costs. We conduct our business on behalf of the entire Norwegian society, and everything we do must be well within socially acceptable boundaries. This has been our guiding principle in all of the 55 years we have been in operation. Our adherence to this principle has been reflected in a number of ways, some of which are a strong focus on secure operations, a balanced attitude towards top prize levels, a focus on the joy of playing rather than money, and active involvement in activities and sponsorships related to sports and culture.

This is why it is important for us to be specific when it comes to our responsibilities versus various stakeholders, and clearly define them in terms of guidelines, procedures and systems. The challenges we will be facing in the future require a high level of consciousness regarding the practical implications of our social responsibility. This is why we, in 2002, started a process to further develop and investigate the implications of our core values, and, with these as a base, develop our own code of conduct relevant for both the individual and the

company. Our objective is that Norsk Tipping as a company should have a solid platform from which to act predictably, ethically and responsibly in any situation that may be considered a social 'dilemma'.

If anything, this responsibility will increase in importance if the Parliament approves the Government's proposal that Norsk Tipping take over the operation of all gaming machines in Norway. The negative side effects of games, such as disordered gambling and an undesirable attraction for younger persons, are, to a great extent, related to these machines. This is why there is a clear need for a new way of organising this market sector, bringing a better overview and control to this arena. To this end, Norsk Tipping is a suitable tool, and social responsibility will be a key concern for us.

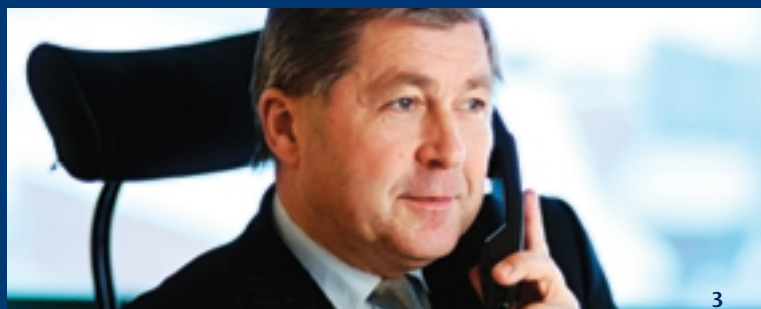
Our intensified focus on our role in society will also be reflected in the way we report in the times ahead. Attitudes, guidelines and conduct are not enough; we must also be able to document our actions and their results as much as possible. This annual report represents a first step in that direction. For the first time, we present a social report, organised vis-à-vis our key stakeholders, in

line with the intentions behind the leading international standard for sustainability reporting, the Global Reporting Initiative. It is our ambition to increase both the quality and extent of our reporting in this area in the coming years. This comes in addition to accounting for our intellectual capital for the second time, throwing light on and qualifying the considerable immaterial assets we possess as a company.

We are concerned with the reputation of our brand and our socially responsible role – but that does not mean we intend to become a boring company. To meet our objectives and continue to be the first choice for players, we must continue to develop attractive and exciting games. Luckily, there is no inherent contradiction between creativity and social responsibility. On the contrary – a fruitful marriage of creativity with technology and expertise may open up a new arena of socially beneficial games and entertainment services. Our ambition is to continue to be a driving force in the entertainment market, supplementing money games with other interactive games that provide both entertainment and education.



Reidar Nordby, Jr.
President and CEO



A photograph of a person in a purple patterned dress running on a green lawn. The background features a long, low wall and a bench under a clear blue sky. The text '1 440 sports arenas' is overlaid in the upper left.

1 440 sports arenas

This was the number of sports arenas that received financial support from the proceeds of Norsk Tipping's activities in 2002. The sum to be allocated this year is greater than in the prior year – to be exact, NOK 1 050 million. Ever since 1948, Norsk Tipping's activity has been vital to the building of small and large arenas all over the country, benefiting both young and old, both hobby and serious athletes, both amateurs and professionals. Recalculated to 2002 present values, the total financial support amount received for such projects from Norsk Tipping has grown to more than NOK 21 billion.



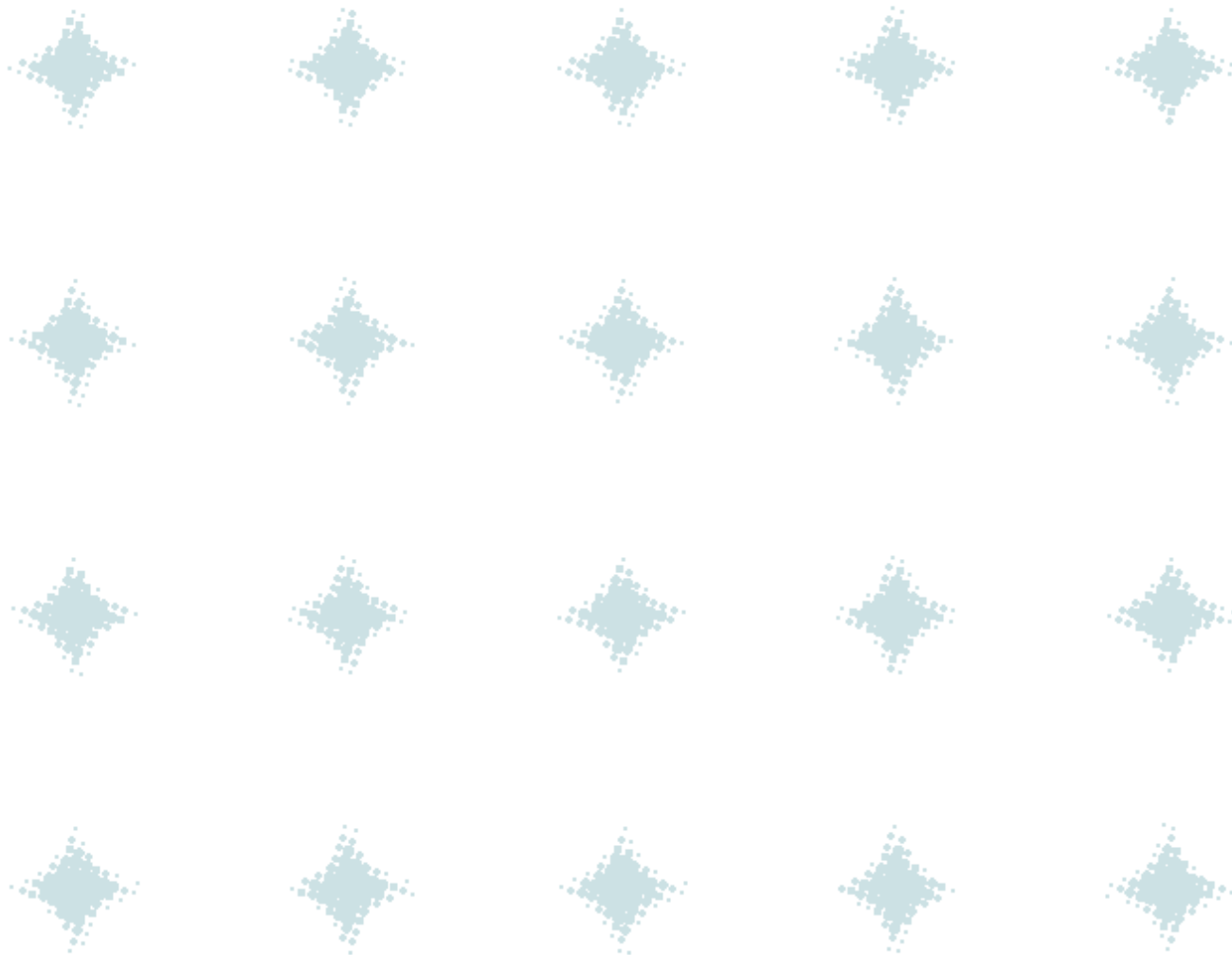


1/4 of the national culture budget



Since Lotto was introduced in 1986, the cultural sector has benefited from the Norwegians' joy of playing. In 2002, this resulted in NOK 1 050 for cultural purposes. This is clearly a stimulant for cultural activity, although the direct effect is hard to measure. The money is not earmarked, but goes into the national culture budget en-bloc.



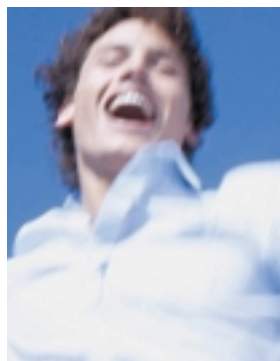


600 000 000 for research

The research sector has been a beneficiary of Norsk Tipping since its foundation in 1948. For many years, profits have been split equally between sports, culture and research. The Parliament has now adopted a different model for financing the research sector, so that the culture and sports sectors will share the profits between them beginning in 2004. In the meantime, some of the profits continue to go to research- specifically, NOK 600 million in 2002.



21 210 000 prizes



A little more than half of the games revenue goes back to the players in the form of prizes. This means that more than 1 million individuals received one or more prizes during the year. The joy of winning will naturally vary, depending on whether the prize is a million kroner or 50 kroner. Either way, winning feels good.



Norsk Tipping is renewing the interior of its retailers, creating a light and friendly atmosphere, building on....



...the company's visual identity program, reflected in all channels of communication, from TV draws....



...to the stacks of coupons on the retailers' desks.

Norsk Tipping's activities have significant indirect economic implications. The company's 3 850 retailers received, in all, NOK 741 million for their efforts, in addition to the increased traffic in their stores. And they are not alone in benefiting from Norsk Tipping's activities. Norsk Tipping is a significant purchaser of products and services, and is one of Norway's largest advertisers.



3 850 retailers



With its 300 employees, Norsk Tipping is a major employer, located at Hamar. And an attractive one, a fact confirmed by internal employee satisfaction surveys and the interest we are met with from applicants and business partners. Norsk Tipping is the leading centre of gaming expertise in Norway. We work systematically to strengthen our employees' competence and the company's total expertise.

300 challenging jobs





THE MILLIONAIRE DREAM ON A SATURDAY – NORWAY’S LARGEST GAME

Lotto is the numbers game with the large prizes, where everyone has an equal opportunity to win. Lotto is perceived as harmless entertainment, where the dream of winning big is the main motivator.

THE MILLIONAIRE DREAM ON A WEDNESDAY – NORDIC GAME WITH A COMMON FIRST PRIZE

Viking Lotto is a Nordic numbers game with large prizes, where Norway counts for approximately 50% of the total turnover. The game is operated jointly by the national lotteries in Norway, Sweden, Denmark, Finland, Iceland and Estonia.

AN ADDITIONAL OPPORTUNITY – BOTH ON WEDNESDAY AND SATURDAY

Joker complements the Lotto and Viking Lotto games on Saturday and Wednesday, where the draw is on the player card number.

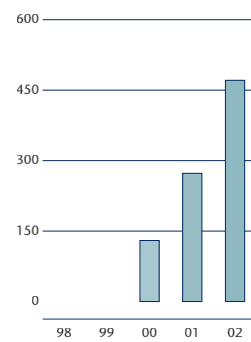
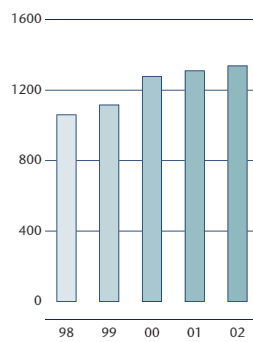
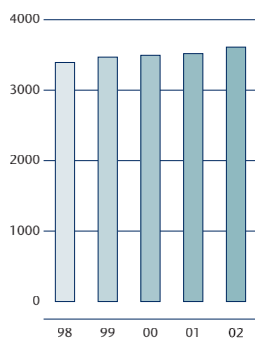
HIGHLIGHTS 2002

- Four giant prize draws
- Two Gold Lotto

- 2 giant prize draws
- 13 rollover draws

- Launch of Joker on the Lotto coupon in week 6
- Launch of Joker on Wednesday in week 23

GAMES REVENUE (NOK MILL)



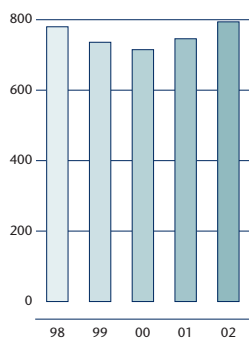
GAMES REVENUE (NOK MILL)	3 610	1 339	472
CHANGE FROM 2001	+ 2.6 %	+ 2.2 %	+ 72.9 %
SHARE OF NT'S GAMES	37.1 %	13.7 %	4.8 %
NO OF PLAYERS / WEEK	1 584 000	612 000	432 000
SEX DISTRIBUTION	F: 47 % M: 53 %	F: 38 % M: 62 %	F: 49 % M: 51 %
AVERAGE AGE	49 years	51 years	49 years
AVERAGE STAKE PER PLAYER / WEEK	NOK 44	NOK 43	NOK 21
LARGEST GAMING COUNTY PER CAP	Finnmark	Finnmark	Finnmark
LARGEST GAMING MUNICIPALIT PER CAP	Nesseby	Nesseby	Nesseby
LARGEST PRIZE PAID OUT	NOK 20 000 000 (2001)	NOK 17 663 498 (1999)	NOK 3 243 000 (2002)



A FEW EXCITING MOMENTS OF TELEVISUAL FUN – EVERY TUESDAY

Extra is operated by Norsk Tipping on behalf of the Norwegian Foundation for Health and Rehabilitation. Profits are distributed by the Foundation to projects within health, rehabilitation and research.

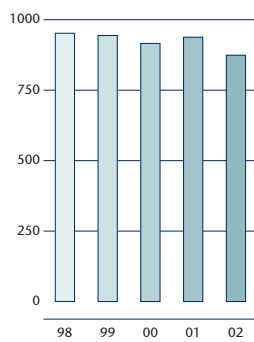
- Five Double-Extra draws
- Seasonal activities (competitions) on television



MORE FUN FOR THOSE INTERESTED IN SOCCER

The traditional football pools are subject to continuous product development and appeals to everyone interested in sports.

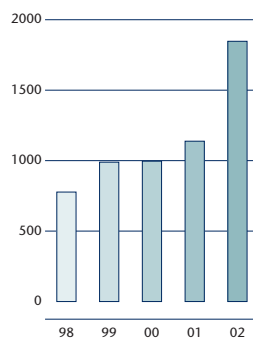
- Highest prize 2002: NOK 7 500 345 in week 27 (mid-week draw)



THE HIGHLIGHT OF THE DAY

Oddset betting is subject to stiff competition, but is an attractive alternative for those seeking a little dose of every-day excitement.

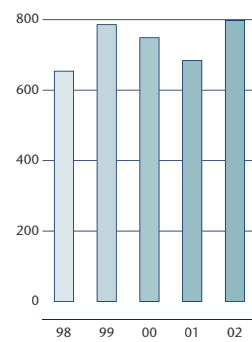
- 'Resultatoddsen' replaced by 'Oddsbomben' in week 38.



INSTANTS GAME WITH HIGH IMPULSE ATTRACTION

Flax is the largest scratch lottery in Norway, and comes in several versions.

- Launch of car prize
- Launch of additional games 'GriseFlax' and 'SpinnFlax'.
- Launch of Flax Christmas Card and ChristmasFlax Calendar in dispenser format



794

+ 6.4 %

8.2 %

540 000

F: 65 % M: 35 %

50 years

NOK 29

Finnmark

Namsskogan

NOK 2 000 000 (premietak)

874

- 6.9 %

9.0 %

288 000

F: 24 % M: 76 %

46 years

NOK 60

Finnmark

Årdal

NOK 8 843 670 (2001)

1 847

+ 62.3 %

19.0 %

126 000

F: 5 % M: 95 %

32 years

NOK 224

Oslo

Vestre Slidre

NOK 4 980 000 (2000)

798

+ 16.7 %

8.2 %

216 000

F: 52 % M: 48 %

40 years

NOK 66

Finnmark

Modalen

NOK 3 600 000 (1999)

Business review

2002 was an active year for Norsk Tipping, with the launch of the company's games on the Internet as an important milestone. Major development projects were continued to prepare tomorrow's games portfolio, including further development of existing games and adaptation to new distribution channels. The first steps were taken towards a full replacement of retailer terminals, and the foundations were laid for a possible take-over of the gaming machine market.

Highlights 2002

DIGITAL ALTERNATIVE
www.norsk-tipping.no makes Norsk Tipping's games available on the Internet. This is the first of several digital channels that will supplement the retail distribution channel.



The new www.norsk-tipping.no

Following an extensive development process and pilot period, Norsk Tipping made all games (except the instants) accessible on the Internet on 21 May. From that point in time, anyone could play via his or her own PC. The backdrop for this is the importance of meeting the customers' needs, and of offering a choice of playing at the retailer or via digital media, in step with the growing maturity of the Internet as a channel of information and e-business. In addition, it is important to present an alternative to foreign digital games to secure competitiveness and continued economic security for the beneficiaries. Norsk Tipping's solution gives players the freedom to play when and where they wish, in a secure and efficient way. The absolute security requirements made it necessary to develop a proprietary technical solution, in cooperation with Buypass (owned 50 % each by Norsk Tipping and Norway Post). A smart-card and a card reader connected to the PC are at the core of the solution, together providing secure payment and identification over the Internet. The smart-card is unique, and the first card ever to be both a full MasterCard and contain an electronic ID and an electronic wallet. In parallel with the development of the technical platform, a new version of Norsk Tipping's Internet

site was developed and launched – today a fully-fledged "digital shop". At the end of the year, some 35 000 players had registered as Internet players. Following the launch, considerable resources have been allocated to quality assurance and streamlining of the offering. Norsk Tipping's site is now the largest e-business site in Norway measured by turnover.

Games on TV

Concurrent with the launch of Internet games, Norsk Tipping entered into an extensive cooperation agreement with the Telenor-owned company, Zonavi, regarding the development of a digital, interactive money game for television. Experience from abroad show that money games are among the most popular offerings of interactive television. For Norsk Tipping, it is important to gain experience to meet the competition from such games, since international television companies are expected to direct their attention and games broadcasting to the Norwegian market. The cooperation agreement includes distribution of Lotto, Tipping and Oddsen via satellite and cable television. The games will be available for those already registered as Internet customers with Norsk Tipping. In addition to secure payment and identification, Norsk Tipping emphasises simple user interaction.

Also, as is the case for the Internet solution, mechanisms will be included for age control and stake limits to avoid undesired usage. A pilot project for interactive TV games falls under the current trial concession for games via electronic channels.

The mobile telephone as a gaming terminal

In November, Norsk Tipping started a pilot program for playing via mobile telephones, in cooperation with the mobile operator NetCom. The project gives 500 pilot customers the opportunity to submit Langoddsen and Lotto bets using SMS, based on a platform of secure payment and identification. In the pilot period, simplified versions of the games will be offered. The objective is to investigate how SMS can be used as a supplementary channel to the Internet. All games submitted via SMS may be viewed on the customers' personal pages at www.norsk-tipping.no, where prizes may be collected and money transferred to the account or smart-card.

New online terminals

During the second half of the year, preparations were in progress for a total renewal of the company's production platform – the nation-wide network of online terminals. Following an extensive specification and

TUFTE AT THE TOP

Norwegian viewers voted the Lotto commercial "Tuftte" the best commercial of 2002. This continues a long tradition of prize-winning commercials built on the same theme: "Lotto millionaires are not like other millionaires."



tender process, Norsk Tipping signed an agreement with the Swedish company, EssNet AB, for the purchase of up to 5 000 terminals at a value of some NOK 200 million. The replacement of the well-known blue online terminals that have been in operation since online gaming was introduced in 1992, will start already this year, and be completed by the end of 2004. The new terminals will be PC-based, be simple to operate and will provide high operational stability. In addition, they will be part of a new technological platform that is better suited for rapid and efficient product development.

Operator of gaming machines?

The Ministry of Culture and Church Affairs commissioned Norsk Tipping to review the implications of a change in the gaming machine market, with Norsk Tipping as the sole operator of a nation-wide network of machines. This task, naturally, took much time and resources in the second half of the year. The gaming machine market has, over the past years, grown considerably, and has gradually become a societal problem. The authorities have seen the need for stronger control and better transparency, as well as measures to counter disordered gambling. At the same time, the profit allocated to the beneficiaries of this market sector needs to be secured. By giving Norsk Tipping the

sole right to operate gaming machines, the authorities see a solution that satisfies both these concerns.

Norsk Tipping's model will entail a number of changes. The total number of machines will be reduced from some 19 000 to approximately 10 000, while more of the profits will be allocated to beneficiaries. All current machines will be taken off the market and be replaced by new, less aggressive VLTs (Video Lottery Terminals). These will be hooked up in a network, providing full control of the monetary flows. This will, in practice, eliminate the possibility of financial irregularities. Prizes will no longer be payable in cash, but, instead, in the form of a prize voucher that must be exchanged for cash at the counter of the store where the machine is located. Machines will be placed in locations which facilitate the enforcement of the 18-year old age limit.

Oddsbomben

The most significant changes in the game concepts were made to Oddsen. In September, Norsk Tipping launched "Oddsbomben" – the Odds Bomb, as a replacement for Resultatoddsen. The purpose of the game is to bet on the correct result of three football matches, alternatively, two ice hockey or handball matches. The game's attraction lies in the fact that the

Highlights 2002



THE ODDS BOMB THAT WENT OFF
The launch of Oddsbomben, bringing high prizes at modest stakes within reach, significantly boosted turnover for Oddsen.

odds may become very high, giving a chance for high prizes with a small stake. Given a correct bet, the prize will be the stake times the odds. The stake may be between 1 and 100 kroner. With unexpected results, odds may become very high, and again give prizes of a million or more. This combination of low stakes and high prizes significantly boosted games revenue for Oddsen. During the two and a half months this game was available in 2002, the highest odds were 1 in 439 579.

In June, for the first time ever, some of Norsk Tipping's game objects were closed, due to a strike among the football players in the Norwegian premier and first divisions. The games in question were withdrawn, and players who had already placed their bets on Oddsen games before they were closed had their stakes repaid.

Prolonged agreement with NFF

In December, Norsk Tipping and the Norwegian Football Association (NFF) lengthened their cooperation agreement, one that has put its mark on Norwegian football for a number of years. The agreement currently runs until 1.1.2004, but includes an intention to continue cooperation for the long-term. The agreement includes an increase in the amount payable by Norsk Tipping, from NOK 28 million to

NOK 32 million – the increase in its entirety being earmarked for the clubs. A new aspect of the agreement is that Norwegian football may, in the future, generate revenue by acting as an intermediary for Norsk Tipping's games on the Internet. Under the agreement, the premier division will continue to be called Tippeligaen and Norsk Tipping will continue to be part of Team Norway, NFF's association of partners.

Internal processes for the future

Norsk Tipping has developed through various periods, all of which have required different types of expertise and organisation. The demands for rapid change and adaptation to new ways will become ever more pressing. During 2002, Norsk Tipping ran several internal processes to prepare for tomorrow's challenges.

One of these processes was related to the company's core values, with broad involvement and active participation from the entire organisation. The values of courage, engagement, performance and cooperation constitute a platform for the decisions and conduct of the individual and the company. Based on this values process, the development of ethical rules was initiated.

Since 2000, Norsk Tipping has worked actively to develop the company's intellec-

tual capital, realising its importance as a value driver in addition to financial figures. To strengthen the organisation's knowledge of how its immaterial assets can best be nurtured and developed, an extensive mapping was conducted by IC Sweden AB, the result of which is presented in the company's accounts as intellectual capital.

The challenges of the future also require changes to the structure of the company's organisation. A new structure was designed, approved and partially implemented in 2002, strengthening central functions and providing a more efficient line of reporting.

Norsk Tipping has been recognised for its share of women on the Board and in management, and scored well in a survey on equal pay in 2002, commissioned by the Ministry of Children and Family Affairs. Norsk Tipping will, as one of six pilot companies, present an equal status account during Spring of 2003, in cooperation with the Norwegian 'Rådet for ledelse, likestilling og mangfold' (Advisory Board for Management, Equality and Diversity).



GAMING MACHINES NEXT?

Norsk Tipping has reviewed how a nationwide network of gaming machines can be operated.

Board of directors' report

Norsk Tipping's activities in 2002 generated a total profit of NOK 3 096 million, an increase of 8.7 per cent. After provisions, the distributable profit to beneficiaries was NOK 2 903 million. This is an increase of 5.3 per cent compared to the prior year. This means that the sports and culture sectors each receive NOK 1 050 million while the research sector receives NOK 600 million. The profit from the game Extra, NOK 203 million, goes to health and rehabilitation programmes. This year's profit is the highest ever and came after a growth in games revenue of 13.1 per cent, ending at NOK 9 734 million.

Sigmund Thue, Chairman of the Board

Anni Onsager, Vice Chairman

Torgeir Mjør Grimsrud



The Board is satisfied with the growth in both games revenue and profits, achieved in a market with increasing competition from Internet-based games as well as from the gaming machine market. All games – with the exception of ‘Tipping’ (football pools) – recorded all-time high turnovers. Preliminary statistics from the Norwegian Gaming Board show that the company’s market share has been reduced from over 37 per cent in 2001 to less than 32 per cent in 2002. This is due to strong growth in the gaming machine segment.

Development of the games

Oddsden can boast the highest growth in games revenue of all – from NOK 1 138 to 1 847 million – or 62 per cent. This makes Oddsden Norsk Tipping’s second largest game, with games revenue for the first time exceeding that of Viking Lotto. This came as a result of changes in the game’s concept towards the end of 2001 which strengthened the product versus the many odds-based games available on the Internet. These games represent a major challenge, not only for Norsk Tipping in Norway, but also for state-owned gaming companies all over

the world. Concept changes were a direct response to this challenge, and were followed up when Oddsbomben replaced Resultatoddsen in September, further strengthening the competitiveness of the game.

The growth for Oddsden is very satisfactory, but, at the same time, there are particular challenges related to this game. Oddsden has the greatest attraction to players on the fringes of Norsk Tipping’s target groups, i.e. professional players putting a lot of money behind their bets, potentially in the danger zone for disordered gambling and other undesirable social side effects of gaming.

The Board is very observant of this problem, and sees it as an important task to make sure Oddsden at any time is well within socially acceptable boundaries. Another challenge related to Oddsden is the game’s profitability. It will vary, dependent on odds set by Norsk Tipping, by our competitors and by how successful the players are. For 2002, the prize share of turnover was 72 per cent, somewhat higher than the prior year. This means that relative profitability has decreased somewhat, while the contri-

bution to operating profit increased by NOK 58 million in absolute figures.

Tipping, the second sports game in the portfolio, had to record a decrease in games turnover in 2002, after having, for a number of years, defied the international trend towards decline in football-related betting. Games revenue ended at NOK 874 million, down from NOK 939 million the year before, a decline of seven per cent. Despite this decline, Tipping still has a unique position among Norwegian football and gaming enthusiasts, and it has market share far greater than that of corresponding games in other countries.

Lotto’s position as the leading, and by far most popular, game remains unchallenged. The total increase for the three games of chance – Lotto on Saturday, Lotto on Wednesday (Viking Lotto) and Joker – was NOK 321 million, or six per cent. Of this, Lotto on Saturday contributed NOK 93 million; Viking Lotto, NOK 21 million; while Joker accounted for NOK 199 million. This last total came about after Joker was introduced as an additional game to Lotto on

Berit Fosheim



Kjersti Langseth



Marit Skaugen Holmberg



Wednesdays, beginning in week 23. However, the increase also underlines the great element of excitement and attraction in this game, with the lucky Joker winner participating live during the broadcast draw.

A number of greater and smaller changes in the Flax concept helped turn around a negative trend in the scratch lottery. The increase in games revenue was a significant NOK 114 million. Throughout the year, the six Flax games have been targeted more distinctly to their target groups. The introduction of car prizes as a supplement to the ordinary money prizes have also boosted the presence of the game in the market. Perhaps most important, the company has succeeded in engaging retailers in an intensified effort to promote and sell Flax. In sum, this has strengthened the game's position in the scratch lottery segment, where it meets competition from other impulse-based games and entertainment offerings. Continuous product development, in combination with the improvement of distribution logistics, continues for Norsk Tipping's only "physical" game, pointing to further growth in 2003.

Extra, the game operated on behalf of the Norwegian Foundation for Health and Rehabilitation, showed a growth of NOK 48 million, which is very satisfactory, particularly for the many health and rehabilitation projects benefiting from the proceeds. The increase comes in addition to last year's increase of NOK 31 million. The revenue level towards the end of the year was closing in on the limit set by the concession, which prompted the Ministry of Culture and Church Affairs to allow the limit to be surpassed.

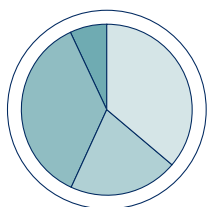
Market development

Development in the traditional gaming market was relatively stable in 2002. In addition to the growth in Norsk Tipping's games, the key trend is for continued growth for Internet-based games. Norsk Tipping estimates that total turnover for this category of games has reached some NOK 1 billion; the official statistics from the Norwegian Gaming Board are expected to be available during the autumn, 2003. A number of companies direct their business activities specifically to the Norwegian market, and several of them openly challenge the authorities and the legislation governing the

Norwegian gaming market. Some of these companies have their origins in Norway, while others are large international companies such as Ladbrokes, the world's largest bookmaker. The market for gaming machines continued its strong growth, despite the introduction of the 18-year age limit and the growing focus on the negative aspects related to these machines. Horse betting has declined somewhat, (from NOK 2 627 million to NOK 2 479 million), while bingo and lotteries remain stable. However, there is also an "untraditional" gaming market to consider, the extended "dreams market" which spans various offers and products in the borderland between games, services and entertainment. Naturally, it is impossible to estimate the total value of this market, but the total offering and the number of companies engaged in this sector is definitely growing.

Corporate social responsibility

As a state-owned gaming company, Norsk Tipping operates within a clearly defined legislative framework. During the course of a year, the company is involved in financial transactions with 2 million Norwegians. The operation of the monopoly in a responsible

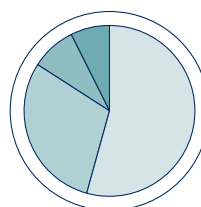


Distribution of profit

● Culture	1 050 mill
● Research	600 mill
● Sports	1 050 mill
● HR	203 mill
= Total beneficiaries	2 903 mill

The profit from Norsk Tipping's games is distributed to the sectors sports, culture and research.

The profit from the game Extra goes in its entirety to the Norwegian Foundation for Health and Rehabilitation (HR).



Distribution of NOK 1.00 played

● Prizes	54.3 %
● Beneficiaries	29.8 %
● Operations / administration / withheld	8.5 %
● Retailers	7.4 %

way that benefits society at large is an important focus area for the Board. The company's corporate social responsibility entails taking an active approach vis-à-vis all stakeholders that are influenced by the company's activities. To increase internal awareness and to structure the execution of this responsibility, the company, this year for the first time, submits an account of corporate governance and a corporate social responsibility report, both integrated into this annual report. This comes in addition to the accounts for intellectual capital, presented for the first time in 2000 and repeated this year, following an extensive and structured review of the company's immaterial assets. The objective is to increase the scope and relevance of the company's reporting, and draw a fuller picture of the value creation of the company – and thus improve the ability to control all strategic parameters crucial for the further development of the company.

In 2002, a process was started to establish an ethical code of conduct for Norsk Tipping, mainly in relation to the company's interaction with players and retailers. The process will be continued in 2003. Norsk

Tipping is certified according to the World Lottery Association Security Control Standards. The purpose of these standards is to secure that certified companies have efficient systems and procedures relating to security, and that there are systems in place for internal control that secure efficient risk management. A requirement for risk management on a business level was included in the standards beginning in November, 2002. During the course of 2003, Norsk Tipping will seek re-certification to meet this requirement.

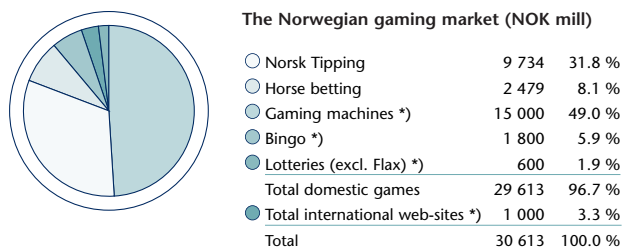
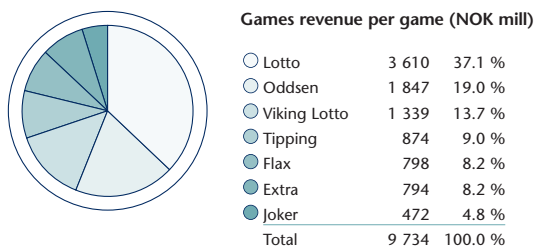
As the leading games company in Norway, Norsk Tipping is concerned with the negative side effects of gaming, in particular disordered gambling, despite the fact that this problem is, only to a limited extent, related to the games operated by Norsk Tipping. However, it may become more relevant as odds-related revenue increases. The company's aim is to help throw light on both the extent of and the reasons behind the problem, and contribute to preventing individuals and families from becoming victims. This includes participation in various resource groups related to disordered gambling, and a further extension

of our broad network with experts and organisations working within this area.

Norsk Tipping also feels a commitment to contribute to recruitment, research and the positive development, in general, of the gaming industry in Norway. This is why the company has supported the establishment of university level studies in experience production and interactive media at Hedmark University College. The gaming industry of tomorrow will be shaped at the intersection between technology and fantasy, and it is important for Norway to have leading expertise in this field. Norsk Tipping has commissioned a research project at Hedmark University College to consider technological and functional solutions to limit players' inclination to spend too much money on gaming machines.

Analysis of the gaming machines market

The Norwegian gaming machines market has been very liberal by European standards, with a large proportion of private operators and weak control mechanisms. The Ministry of Culture and Church Affairs has, in cooperation with Norsk Tipping, carried out an



*) Revenue estimate / Source: Preliminary statistics from The Norwegian Gaming Board

analysis of how to improve control and secure higher returns to the beneficiaries. The analysis reveals that the number of machines could be significantly reduced without adversely affecting proceeds for beneficiaries. This would entail a nationwide network operated by Norsk Tipping, providing efficient control of all flows of money in the network. Norsk Tipping would base such an operatorship on the same technological model as that used for the existing network of online terminals, with all machines hooked up to and controlled via a central computer system. Furthermore, the gaming machines would be of a new and less aggressive type, placed in locations that facilitate enforcement of the 18-year old age limit. Norsk Tipping is well prepared to take on such an operatorship. The company would exploit its technological and games-related expertise in a way that balances several requirements: a secure base of income for the beneficiaries, the need for efficient measures against disordered gambling, and the authorities' requirements for better overall control. However, the operatorship would also be very demanding and provide Norsk Tipping

with new challenges. It would also expand and further strengthen the company's total expertise. A proposition on the matter will be considered by the Parliament during the spring 2003.

Distribution

The company's distribution strategy is to offer the games through channels desired by the players, providing them with alternatives and flexibility. Following an extensive pilot period that started in 2001, the "new norsk-tipping.no" was launched in May, 2002. This site constitutes the company's electronic distribution channel, making games available via the Internet for everyone. During the year, the choice of electronic channels was expanded to include mobile telephones and digital TV. Norsk Tipping had 35 084 registered Internet players at the end of the year, making this an important supplement to today's and tomorrow's main distribution channel, the retailer network.

Norsk Tipping has made significant investments in its retailer network in 2002. An extensive programme of redesign and modernisation of outlets has been initiated. In addition, a retailer intranet has been

developed to improve daily communication with the retailers. The extensive training and sales support programs have been further developed, with a focus on customer service and competencies. A full replacement of terminals has also been planned, and will start in 2003.

Brand and reputation

Norsk Tipping has confirmed its position as one of the most well-known and respected brands in Norway. In addition to providing sales support, the company's market communications focus on promoting the corporate brand and the positive impact the company's activities have on both beneficiaries and players. Norwegian TV viewers voted the Lotto commercial "Tuft" the best commercial of the year. In *Aftenposten*/MMI's (fieldwork research company) annual measurement of the strength of corporate brands, Norsk Tipping placed third.

International orientation

Norsk Tipping relies on extensive cooperation and a broad network in the international gaming industry. The company participates actively in international industry

bodies and events, and plays a key role in many areas. The CEO's presidency of the the World Lottery Association (WLA), has been very valuable. It has helped promote Norsk Tipping as a leading company in the industry. Norsk Tipping's Vice President of Security has been a member of WLA's Security Committee since 1998, and was elected its chairman in 2002.

Organisation, personnel and environment

2002 has been another year when the company's talented employees have demonstrated vigour and enthusiasm in a number of demanding projects and processes. Facing a future where creativity, rapid change and flexibility will be key success factors, several processes and organisational changes have been initiated to build an organisational structure and culture that is well prepared to meet tomorrow's challenges. Norsk Tipping emphasises a varied and vigorous culture, with the principle of equality among the genders as an integral part of internal personnel policies. Forty-seven per cent of Norsk Tipping's employees are women. The corre-

sponding female share in top and middle management is 38 per cent. At the start of the year, Norsk Tipping had 289 employees, of whom 240 were full-time and 49 part-time. The corresponding figures at the end of the year were 299, 269 and 30, respectively.

In the Board's view, the working environment is good. Internal communication seems to be constructive and positive, as is cooperation with both trade unions and employee representatives. Figures for absence due to illness were 5.7 per cent in 2002, a significant increase over 2001 and 2000. The main explanation is that some employees have had sick leave over longer periods, some of whom have been waiting for pension arrangements to be concluded. Short-term absence due to illness has been 1.6 per cent, and the overall tendency for 2003 points to a significantly lower level than in 2002.

Norsk Tipping has, for many years, emphasised structured SHE work (safety, health and environment) and followed it up via a separate action plan. The company has no products, processes or other activities

that entail emissions to water or soil. Nevertheless, much emphasis is put on other impacts on the environment, such as consumption of resources, transportation effects, waste generation, and so on. The company has recently adopted an environmental policy that confirms the principle of seeking sustainability in all business processes and related activities. As a follow up, a project will be initiated with the aim of establishing systems to map, report, and reduce any negative bearing on the external environment. Every year, the company distributes between 300–350 million tickets to its retailers, and approximately 25 million Oddsen programs. The company has, for many years, required its suppliers to print these on unbleached, recyclable paper, and with poison-free ink.

Prospects

In the Board's opinion, Norsk Tipping's prospects are good, based on its leading position and expertise. The management and employees focus on continuous development and adaptation to a changing market environment. Given a stable legislative environment, the company is well positioned to

increase profits for its beneficiaries in the years to come. In the long term, it will be important to develop products with a stronger appeal to younger generations, building an even stronger platform for the future.

Auditors

The company's accounts are audited by the Auditor General.

Going concern value

A 'going concern value' is assumed as the basis for the annual report and accounts for 2002.


Profit allocation

The total result for the financial year of 2002 amounted to NOK 3 096 million.

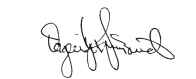
Total result	kr	3 095 755 517
Result Health and Rehabilitation	kr	202 618 076
Result Norsk Tipping	kr	2 893 137 441
Which is proposed allocated as follows		
Equalisation fund	kr	0
Investment fund	kr	193 137 441
Sports, culture and research	kr	2 700 000 000
Sum allocated	kr	2 893 137 441

Following the change in the Act relating to games for cash prizes, the profits from Lotto, Joker, Viking Lotto, Oddsen, Tipping, and Flax, as well as the operator's fees for Extra, are to be distributed in equal parts to the sports and culture sectors. A transition arrangement means that the profits for 2002 are allocated as follows: 4/18 to research, 7/18 to sports and 7/18 to culture; NOK 600 million, NOK 1 050 million and NOK 1 050 million, respectively.

The Board of Directors of Norsk Tipping AS
Hamar, 10 March 2003


Sigmund Thue
Chairman

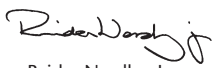

Marit Skaugen Holmberg


Torgeir Mjør Grimsrud


Anni Onsager


Kjersti Langseth


Berit Fosheim


Reidar Nordby, Jr.
President and Chief Executive Officer

Profit and loss account

	Note	2002 NOK mill	2001 NOK mill	Change NOK mill	Change percentage
OPERATING INCOME, GAMES					
Games revenue	1	9 734.3	8 606.6	1 127.7	13.1 %
OPERATING COSTS, GAMES					
Prizes		5 281.1	4 494.7	786.4	17.5 %
Games commission		723.7	647.4	76.3	11.8 %
Ordinary internal costs	2	718.1	672.3	45.8	6.8 %
TOTAL OPERATING COSTS, GAMES		6 722.9	5 814.4	908.5	15.6 %
OPERATING RESULT, GAMES					
		3 011.4	2 792.2	219.2	7.8 %
Other operating income	3	193.6	116.5	77.1	66.2 %
Other operating costs	4	96.6	91.8	4.8	5.2 %
Development costs	2	81.8	58.0	23.8	41.0 %
Depreciations	5	48.4	39.5	8.9	22.6 %
OPERATING PROFIT					
		2 978.2	2 719.4	258.8	9.5 %
Gross financial income		165.3	162.4	2.9	1.8 %
Gross financial costs		47.8	34.9	12.9	36.9 %
PROFIT					
		3 095.7	2 846.9	248.8	8.7 %
The profit is distributed as follows:					
Norsk Tipping AS		2 893.1	2 664.1		
Health and Rehabilitation		202.6	182.8		
Operating percentage, games					
		30.9 %	32.4 %		
Cost percentage, games					
		7.4 %	7.8 %		
Cost percentage (incl. games, depr. and dev. cost)					
		8.7 %	8.9 %		
Profit margin					
		31.8 %	33.1 %		

Balance sheet

ASSETS	Note	2002 NOK mill	2001 NOK mill
Fixed assets			
Buildings / other real estate	6	39.5	39.0
Computer systems / terminals / other fixtures	6	81.9	98.0
Shares in subsidiaries	7	7.5	7.5
Intercompany balances	8	6.2	0.0
Mortgage bonds, housing loans to employees, etc.	9	18.7	1.1
Winnings regulations fund, DnP	10	29.6	20.8
Total fixed assets		183.4	166.4
Current assets			
Merchandise stock	11	1.8	2.0
Customer receivables	12	6.0	5.2
Claims on retailers	13	136.1	149.8
Other receivables	14	17.1	25.9
Cash reserves		3 632.1	3 297.5
Total current assets		3 793.1	3 480.4
TOTAL ASSETS		3 976.5	3 646.8
EQUITY AND LIABILITIES			
Equity			
Share capital	15	0.2	0.2
Investment fund	16	680.9	465.9
Total equity		681.1	466.1
Long-term liabilities			
Funds – games	17	264.1	255.3
Total long-term liabilities		264.1	255.3
Short-term liabilities			
Trade creditors		57.4	54.8
Prize liabilities		68.5	132.5
Prepaid stakes		130.7	109.6
Public duties payable		15.5	12.4
Other short-term liabilities	18	20.6	19.4
Equalisation fund	19	0.0	0.0
Remaining profit for distribution	20	2 738.6	2 596.7
Total short-term liabilities		3 031.3	2 925.4
TOTAL EQUITY AND LIABILITIES		3 976.5	3 646.8

The Board of Directors of Norsk Tipping AS
Hamar, 10 March 2003

Sigmund Thue
Signature
Sigmund Thue
Chairman

Marit Skaugen Holmberg
Marit Skaugen Holmberg

Torgeir Mjør Grimsrud
Torgeir Mjør Grimsrud

Anni Onsager
Anni Onsager

Kjersti Langseth
Kjersti Langseth

Berit Fosheim
Berit Fosheim

Reidar Nordby Jr.
Reidar Nordby Jr.
President and CEO

Pet Tøtgerhagen
Pet Tøtgerhagen
Financial Manager

Cash flow statement

	2002 NOK mill	2001 NOK mill
Cash flow from operating activities		
Profit	3 095.7	2 846.9
Profit on sale of assets	-1.3	-1.0
Investment and project depreciations	48.4	39.5
Changes in claims on retailers	9.6	-14.0
Changes in other short-term liabilities	8.2	-11.8
Changes in trade creditors	2.6	9.5
Changes in other accruals	-28.5	-2.4
Net cash flow from operating activities	3 134.8	2 866.7
Cash flow from investing activities		
Receipts on sale of fixed assets	1.3	1.0
Payments on purchase of fixed assets	-32.8	-56.5
Changes in project costs	0.0	0.0
Net cash flow from investing activities	-31.5	-55.5
Cash flow from financing activities		
Net changes in long-term liabilities	8.8	28.0
Net changes in short-term liabilities	-38.5	-7.1
Net changes in investment fund	215.0	107.9
Payments and allocations of profit	-2 953.9	-2 733.6
Net cash flow from financing activities	-2 768.7	-2 604.8
Net changes in cash holdings	334.6	206.4
Cash reserves as of 01.01.	3 297.5	3 091.1
Cash reserves at the end of the period	3 632.1	3 297.5

Accounting principles

The Act relating to games for cash prizes ("Lov om pengespill") of August 1992. The Act stipulates that a gaming company shall be a state-controlled share company, all of whose shares are owned by the State. The Government draws up the articles of association, appoints the Board of Directors, and gives instructions to the Board. The Board is responsible for ensuring that the company is organised and managed in a satisfactory manner and for making sure that the accounts and assets are managed with due care and control. After allocations to reserves, the company profit is to be distributed in equal thirds to good causes within the following three fields: sports, cultural activities and scientific / research projects. The profit from the game Extra is allocated to the Norwegian Foundation for Health and Rehabilitation.

The Companies Act: According to the terms of the Act relating to games for cash prizes mentioned above, Norsk Tipping AS is not bound by the terms of the Companies Act.

The Accounting Act: The accounts have been drawn up in compliance with the terms of the Accounting Act, with the amendments necessitated by Norsk Tipping's special status.

Accounting method – income and costs: Income from games and corresponding game-related expenses are spread over 52 weeks of play and do not therefore exactly tally with the

calendar year. The paid-in stakes from multi-week games are accounted for on an accruals basis, whereby the income is attributed to each of the weeks / rounds of play in question, and commission is entered in the same way. The costs related to games are entered in the same period as the income period to which they relate.

Income and cost allocation: Direct expenses are charged to the individual game in question. Joint expenses are apportioned to each of the games according to an internal distribution formula. Other income and other costs are allocated to the beneficiaries as appropriate.

Development costs: Development costs and project costs are expensed in their entirety in the current year, with the exception of acquisitions of assets which, according to the Accounting Act / Tax Act, shall be activated. These costs are not charged to the individual games.

Depreciations: All investments are depreciated over the investment's estimated life time. Depreciations are not apportioned to each individual game.

Financial items: Interest not due for payment as of 31.12 will be entered into the accounts on an accruals basis. Financial income and expenses are not apportioned to each individual game.

Foreign exchange: Bank of Norway's annual average reference exchange rate has been used to calculate the company's share of the Nordic joint costs, while the bank's reference rates as of 31.12 have been used for liquid accounts and other balance sheet accounts. Both exchange gains and losses are entered under "Financial items".

Merchandise stock: The stock is valued at purchase cost.

Funds per game: The company is legally obliged to set aside funds for use in the case of approved complaints and for prize subsidies. For further details, see the regulations governing each individual game.

Pension liabilities: The employees are members of the Norwegian Public Service Fund and the company's share of the premium is entered into the accounts each year under "social security contributions". Funds for company employees on early retirement are included each year in the salary budget.

Tax: Norsk Tipping is exempt from taxation.

Value Added Tax: Norsk Tipping's games are not subject to value-added tax, while costs and investments include VAT.

Notes 2002

All amounts appearing in the tables are in NOK 1 000.

1 GAMES REVENUE

The individual games have had the following turnover and development compared to the previous year:

Games		2002	2001	Change	Change percentage
Lotto	NOK	3 610 164	3 517 189	92 975	2.6
Viking Lotto	NOK	1 338 892	1 309 536	29 356	2.2
Joker	NOK	471 785	273 076	198 709	72.8
Tipping	NOK	873 717	938 814	- 65 097	- 6.9
Oddsden	NOK	1 846 757	1 137 612	709 145	62.3
Flax	NOK	798 629	684 273	114 356	16.7
Norsk Tipping's games	NOK	8 939 944	7 860 500	1 079 444	13.7
Extra	NOK	794 385	746 104	48 281	6.5
Total games revenue	NOK	9 734 329	8 606 604	1 127 725	13.1

2 ORDINARY INTERNAL COSTS / DEVELOPMENT COSTS

Ordinary internal games-related costs and development costs in 2002 include the following:

		Personnel cost	Other operating costs	Total
Ordinary internal costs (games)	NOK	128 876	589 208	718 084
Development costs (projects)	NOK	9 020	72 789	81 809
Total	NOK	137 896	661 997	799 893

Costs related to employees include the following:

		2002	2001
Salaries and fees	NOK	109 896	112 933
Social Security tax and Norwegian Public Service Pension Fund	NOK	16 910	17 440
Norwegian Public Service Pension Fund	NOK	8 385	7 790
Other social costs	NOK	2 705	2 761
	NOK	137 896	140 924
Benefits in kind	NOK	5 767	4 777
Total	NOK	143 663	145 701

The total remuneration paid to the company's Board of Directors in 2002 was NOK 413 000 and the CEO's annual salary has been set to NOK 1 300 000 from 1 July 2002. As of 1 January 2002, the responsibility for fixing the CEO's salary and other employment conditions was transferred to the Board.

No contracts exist governing severance pay or other extraordinary forms of remuneration for any of Norsk Tipping's employees. The average number of employees was 294, while the total number of employees at year-end was 299.

No fee has been paid to the auditor (the Auditor General).

3 OTHER OPERATING INCOME

This item includes operator's fees to Norsk Tipping for the operation of Extra, sales of player cards, approved reimbursement of initial costs (the DnP / Flax concept), profit from the reimbursement of assets, sales internal canteen / shop, start-up fees from new retailers and sundry income. In addition, transfers from various game funds and royalties from the TV channel NRK 1 in connection with Lotto and Extra are included.

A total sum of NOK **193.6 mill** has been entered as other income and distributed to the following beneficiaries:

Norsk Tipping	NOK	187 537
Health and Rehabilitation	NOK	6 095
Total other operating income	NOK	193 632

4 OTHER OPERATING COSTS

This item includes operator's fee for the Norwegian Foundation for Health and Rehabilitation to Norsk Tipping for its operation of Extra, commission to retailers for the sale of player cards, product purchases to internal canteen and shop, start-up costs in relation to new retailers and other sundry expenses. A total sum of NOK **96.6 mill** has been charged to the accounts and apportioned to the beneficiaries as follows:

Norsk Tipping	NOK	21 809
Health and Rehabilitation	NOK	74 758
Total other operating costs	NOK	96 567

5 DEPRECIATIONS

Total depreciations for 2002 amount to NOK 48,4 mill.

The following depreciations have been made in 2002:

Vehicles	NOK	2 475
Computer systems / terminals / other fixtures	NOK	21 026
Buildings / other real estate	NOK	613
Total ordinary depreciations	NOK	24 114
The Online-project	NOK	24 295
Total depreciations	NOK	48 409

6 FIXED ASSETS

Book value:

Computer systems / fixtures / vehicles

Cost of acquisitions as of 01.01.2002	NOK	457 731
Disposals in 2002	NOK	6 594
Acquisitions in 2002	NOK	29 180
Cost of acquisitions as of 31.12.2002	NOK	480 317
Accumulated ordinary depreciations	NOK	122 014
Accumulated online depreciations	NOK	276 396
Book value	NOK	81 907

Buildings / real estate

Cost of acquisitions as of 01.01.2002	NOK	150 624
Disposals in 2002	NOK	0
Acquisitions in 2002	NOK	3 660
Cost of acquisitions as of 31.12.2002	NOK	154 284
Accumulated ordinary depreciations	NOK	89 096
Accumulated online depreciations	NOK	25 718
Book value	NOK	39 470

Total book value as of 31.12.2002	NOK	121 377
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Fixed assets, cost of acquisitions as of 31.12.2002

Vehicles	NOK	16 328
Computer systems / machines / fixtures	NOK	172 602
Terminals	NOK	291 387
Cost of acquisitions	NOK	480 317

Office / operations building	NOK	151 680
Holiday cabins	NOK	2 604
Cost of acquisitions	NOK	154 284

Total cost of acquisitions as of 31.12.2002	NOK	634 601
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Depreciation rates/lifetime

	Vehicles	Fixtures	Buildings / real estate	Online project
Economic lifetime	5 years	4 years	20 years	7 – 10 years
Depreciation plan	Linear	Linear	Linear	Own depr. plan

Investment overview 1998 – 2002

		2002	2001	2000	1999	1998
Vehicles	NOK	3 126	3 290	4 568	3 391	2 513
Computer systems / machines / fixtures	NOK	26 054	47 000	31 903	21 074	23 255
Terminals	NOK	0	0	0	48 625	0
	NOK	29 180	50 290	36 471	73 090	25 768
Buildings / real estate	NOK	3 660	6 194	5 124	3 343	6 779
Total investments	NOK	32 840	56 484	41 595	76 433	32 547

7 SHARES IN SUBSIDIARIES

Company	Association	Year of acquisition	Business office	Share capital in NOK	Share of ownership	Share of voting rights	Cost prize of the shareholding	Book value
Fabelaktiv AS	Subsidiary	2000	Hamar	104	100 %	100 %	6 000	6 000
Spillverden AS	Subsidiary	2001	Hamar	1 500	100 %	100 %	1 500	1 500
Total							7 500	7 500

The companies Fabelaktiv AS and Spillverden AS have not been consolidated in Norsk Tipping's accounts, in accordance with § 3-8, third subsection, of the Accounting Act. The subsidiaries' accounts are viewed to be insignificant when judging the financial position of Norsk Tipping.

The accounts for **Fabelaktiv AS** show a deficit after tax of NOK 1.7 million and an equity of NOK 0.7 million for the accounting year 2002.

The accounts for **Spillverden AS** show a deficit after tax of NOK 0.4 million and an equity of NOK 1.1 million for the accounting year 2002. Spillverden owns 50 % of Buypass AS, while the other half is owned by ErgoGroup AS.

8 SHARES IN OTHER COMPANIES

Company	No. of shares	Acquisition year	Total share capital	Ownership share	Voting right share	Cost prize of shares	Book value
OnTarget AS	1 842	2002	1 842	10 %	10 %	6 200	6 200

Norsk Tipping made this acquisition in desember 2002.

9 INTERCOMPANY BALANCES IN THE GROUP

Companies in the group	NOK	Long term loans	
		2002	2001
		9 100	1 100
Companies in the group	NOK	Subordinated loans	
		2002	2001
		9 614	0

NOK 17 866 000 have been charged to the accounts for 2002 as a remit for a loan to Spillverden AS.

10 HOUSING LOANS TO EMPLOYEES, ETC.

		2002	2001
Housing loans to employees	NOK	24 537	19 808
Instalment agreements (retailers), bonds and certificates	NOK	5 106	1 051
Total	NOK	29 643	20 859

11 MERCHANDISE STOCK

The merchandise stock, which consists of purchased goods for the canteen and employees / retailers shop, is valued at purchase cost.

12 CUSTOMER RECEIVABLES

This item comprises short-term loans / advance payments to employees as well as other short-term receivables on various customers.

13 CLAIMS ON RETAILERS

The retailer accounts are settled weekly. The majority of the claims applies to net sale of games in week 52/2002 which was settled in week 1/2003, while the remaining are running claims. At the end of the year, Norsk Tipping had 3 849 retailers.

14 OTHER RECEIVABLES

This item comprises cost accrued / paid in advance. None of the receivables are due later than one year after the end of the accounting year.

15 SHARE CAPITAL

The company's share capital is divided across three shares, each with a nominal value of NOK 50 000. The state owns 100% of the shares.

16 INVESTMENT FUND

In compliance with the terms of the Act relating to games for cash prizes, an investment fund has been set up for the purpose of raising capital for infrastructure and other future large projects and / or investments. The balance per 31.12.2002 is **NOK 680.9 mill.**

Balance of the investment fund as of 01.01.2002	NOK	465 867
Allocated interest for 2002	NOK	21 879
Allocated from the year's profit	NOK	193 137
Total funds as of 31.12.2002	NOK	680 883

17 FUNDS – GAMES

Separate funds are set up for each game. At year-end, total funds amounted to **NOK 264.1 mill.** The table below shows the balance for the individual games / funds:

Games	As of 31.12.2002	
Lotto	NOK	65 279
Viking Lotto	NOK	98 597
Joker	NOK	11 429
Tipping	NOK	4 600
Oddsens	NOK	19 637
Flax	NOK	33 207
Total Norsk Tipping games	NOK	232 749
Extra	NOK	31 334
Total	NOK	264 083

The funds are built up by adding the part of the prizes that are not paid out after prizes have been rounded down to the nearest NOK, and by prescribed prizes in the individual games; re. the rules for each individual game.

The funds are allocated according to particular rules for payment of legitimate prizes claimed later than three months after the draw; for prizes following accepted complaints, missed prizes, etc.; revenue-boosting activities like prize contributions, extra prizes (including physical prizes, travel prizes) in connection with ordinary or extra draws; as well as for marketing of the respective games.

The rules pertaining to the funds are set by the Ministry of Culture and Church Affairs.

18 OTHER SHORT-TERM LIABILITIES

This item consists of vacation pay due, returned prizes, deposits from retailers, end-of-year accruals, etc.

19 EQUALISATION FUND TO THE MINISTRY OF CULTURE AND CHURCH AFFAIRS

In accordance with bill no. 52 (1991–92) relating to games for cash prizes, an equalisation fund has been set up in order to mitigate the negative effects of fluctuations in games revenue. In years with high games revenue / profits, the balance of the fund will be increased, while in years of low games revenue / profits, sums are debited from the fund in order to make payments to the beneficiaries. In 2002, no funds have been allocated to the equalisation fund. The fund is at the disposal of the Ministry of Culture and Church Affairs and the allocated funds are transferred to a separate account in The Bank of Norway, after Norsk Tipping's year-end accounts have been approved by the Annual General Meeting.

20 PROFIT FOR DISTRIBUTION

The annual profit of NOK 3 095 755 517 is distributed to two different beneficiaries. The profit from Extra goes to the Norwegian Foundation for Health and Rehabilitation, while the profit for Norsk Tipping is distributed between the sectors sports, culture and research after any allocations to the equalisation fund and/or investment fund.

The result for 2002 is allocated as follows:

Profit for Health and Rehabilitation	NOK	202 618
Paid on account in 2002	NOK	164 000
Remaining profit to Health and Rehabilitation	NOK	38 618
Profit Norsk Tipping	NOK	2 893 137
Allocated to equalisation fund	NOK	0
Allocated to investment fund	NOK	193 137
Remaining profit to Norsk Tipping	NOK	2 700 000
Total remaining distributable profit	NOK	2 738 618

21 PENSION PLANS

Norwegian Public Service Pension Fund

About the pension scheme:

Norsk Tipping AS has a group pension scheme for its employees in the Norwegian Public Service Pension Fund. The scheme covers benefits according to the act relating to the Public Service Pension Fund (the Pensions Act). The benefits covered are old-age, disability, spouse and children pension. The pension benefits are co-ordinated with the National Insurance benefits. In addition, the company has an AFP (early retirement from the age of 62) scheme in accordance with current regulations for the public sector. The company's part of the premium are entered into the accounts under the item social security contributions. The company's liability relates to employees per 31.12.2002 and covers 312 persons.

The premiums and the value of the pension liabilities for the Norwegian Public Service Pension Fund scheme are calculated on the basis of actuarial assumptions. However, the scheme is not fund-based. The pension payments are guaranteed by the state (in compliance with §1 of the Pensions Act). A funds management simulation will be set up (fictitious fund), where the funds are assumed to be in government bonds and where the bonds are retained to their expiry date.

The value of the pension fund is therefore calculated at the book value.

About the accounting standard:

In the accounts, the pension scheme is treated according to the accounting standard for pension liabilities. According to this standard, the pension scheme is to be treated as a benefit scheme. The calculations follow the "actuarial standard" that apply to calculations made according to the accounting standard. A few practical adjustments have been made in the calculations for 2002.

The following assumptions have been made for the calculations:

Bank interest rate	6.0 %
Salary adjustment	3.3 %
G adjustment	2.9 %
Pension adjustment	2.9 %
Voluntary retirement	0.0 %
Expected rate of return	7.0 %

The early retirement execution factor is set to 20 %. Calculation-wise, this is done by assuming that everyone takes out full early retirement pension from the age of 66.

The bank interest rate is assumed to be level with long-term risk-free interest. A ten year Norwegian state bond has had an interest rate around 6 % during the last years. At year end 2002, the rate was 5.8 %. Since the assets (the fictious funds) in the Norwegian Public Service Pension Fund have been placed as fixed assets in the longest state bonds, this means that expected return should not deviate much from the bank interest rate. The return in 2002 will vary depending on the time of implementation of the fictious fund, but will as a rule be in the region between 6 % and 7 %.

The other actuarial assumptions are the same as those use by Norwegian Public Service Pension Fund. Note specifically that the disability provisions are increased from 150 % to 200 % of K1963. Also, the administration reserve has been strengthened from 1 % to 2 %, while the security reserve has been reduced from 150 % to 50 % of the old requirements set by Kredittilsynet (The Banking, Insurance and Securities Committee of Norway). In total, for Norsk Tipping, this amounts to an increase in liabilities of NOK 2.3 million. The amendments of the disability, administration and security reserves are Norsk Tippings adjustments to the new requirements for pension schemes and insurance companies.

For 2002, an adjustment has been made in the calculation of the year's liabilities. This will result in somewhat higher calculated costs.

Result:

Gross accumulated pension liabilities as of 31.12.2002	NOK	119.7 mill
Estimated value of pension funds (fictious fund)	NOK	113.5 mill
Net accumulated liabilities	NOK	6.2 mill
Not booked plan change, early retirement	NOK	0.0 mill
Not booked estimate change, breaking point	NOK	0.0 mill
Not booked plan change, net spouse and children pension	NOK	0.0 mill
Not booked estimate change and deviance	NOK	- 8.9 mill
Net pension liabilities before social security tax	NOK	- 2.7 mill

Other information:

It should be noted that these figures have not been entered into the company's balance sheet as of 31.12.2002.

Early retirement pensions

In connection with the introduction of online games in 1993, the company and the trade unions reached agreement on an early pension scheme for employees affected by the new technology. The current value of the future early retirement pension liabilities is calculated at NOK 3.8 mill and apply to 13 persons as of 31.12.02. Of these, 4 will transfer to ordinary old-age pension plan in 2003. Funds to cover these liabilities have not been allocated in the balance sheet, but are entered as part of the annual salary costs.

VALUED ADDED STATEMENT

	NOK mill	NOK mill
Games revenue		9 734.3
- Prizes to players	5 281.1	
- Purchase of consumables	582.9	
- Other costs	96.6	
- Development costs	81.8	
+ Other income	193.6	5 848.8
Gross value added		3 885.5
- Depreciations	48.4	
+ Net income financial items	117.5	69.1
Net value added		3 954.6

THE NET VALUE ADDED IS DISTRIBUTED AS FOLLOWS:

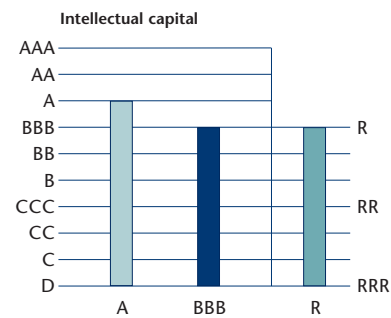
	NOK mill	Percentage
To the state and local councils:		
Tax deductions (on employees' salaries) and employer's social security and pension contributions	61.4	1.5 %
To the employees:		
Salaries (excl. tax deductions and employer's social security and pension contributions)	73.8	1.9 %
To the retailers:		
Games commission	723.7	18.3 %
Retained by the company:		
Investment fund	193.1	4.9 %
To the beneficiaries:		
Health and Rehabilitation	202.6	
Sports	1 050.0	
Culture	1 050.0	
Research	600.0	2 902.6
Net value added	3 954.6	100.0 %

Intellectual capital

Compared to the previous rating, Norsk Tipping's intellectual capital has retained high efficiency, which reflects a very good platform for continued business progress. The company's efforts to renew and develop are relatively good, with preparations for the takeover of the gaming machines market and the launch of Internet games as prime examples. Internally, an organisational change process is currently in progress to meet future challenges.

The risk of efficiency reductions from the current level are estimated to be average. The monopoly entails a protected position in the business environment, which is characterised by strict political regulation.

Norsk Tipping's most important strengths are still found in relations-based structural capital. The key factors behind Norsk Tipping's progress are the broad retailer network, the broad customer base and loyal players.



Norsk Tipping herewith presents its intellectual capital accounts for the second time. The first was presented in 2000. It has been prepared by Intellectual Capital Sweden AB, using the standardised measurement tool IC Rating™. The method is based on structured interviews with internal and external respondents who have good insight into the company's business and the environment in which it operates.

DEFINITIONS

Intellectual capital: Value-creating factors that do not appear in the traditional balance sheet, but which nonetheless are of critical importance to the company's long-term profitability. Intellectual capital consists of four main elements:

Business idea

The strength of the company's business idea and strategy in relation to the potential and risk of the business sector in which it operates.

Organisational structural capital

Non-material rights and process capital (e.g. efficiency and dynamism in working processes and methods, IT systems, reusable expertise and company culture).

Human capital

Management's and employees' capabilities, expertise, loyalty and ability to develop and utilise the intellectual capital and contribute to operational effectiveness.

Relational structural capital

The strength of the external relations network, the strength of the brand expressed in degrees of knowledge, reputation and differentiation, and the value driving power of customers in terms of the size, composition, loyalty and potential of the customer base.

METHODOLOGY

IC Rating™ is based upon data collected through structured and quantifiable interviews with management, key personnel and external interests. Each of the intellectual capital's four elements is rated from three perspectives: 1) efficiency; 2) efforts of renewal and development; 3) risk. The first two perspectives are presented by means of a 10 level scale denominated by letters. The risk scale has 4 levels. Plus and minus signs denote nuances within each category.

Efficiency

The value/efficiency of the intellectual capital today

AAA	Extremely high efficiency
AA	Very high efficiency
A	High efficiency
BBB	Relatively high efficiency
BB	Average efficiency
B	Relatively low efficiency
	Low efficiency
CC	Very low efficiency
C	Extremely low efficiency
D	No efficiency

Renewal and development

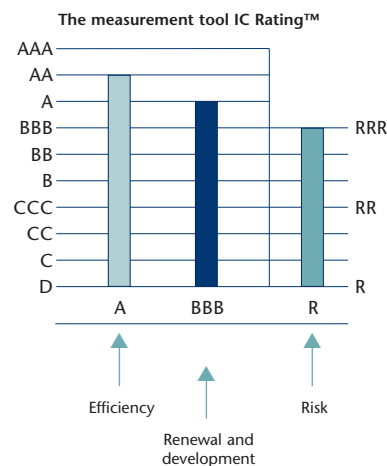
Efforts made to renew and develop the intellectual capital

AAA	Extremely good efforts
AA	Very good efforts
A	Good efforts
BBB	Relatively good efforts
BB	Average efforts
B	Relatively weak efforts
	Weak efforts
CC	Very weak efforts
C	Extremely weak efforts
D	No efforts

Risk

The risk of reduction of the intellectual capital's current value

- Ignorable
- R Average risk
- RR High risk
- RRR Very high risk



BUSINESS IDEA

As in 2000, the business idea has had very high efficiency, and renewal efforts have been good. The risk of reduced efficiency is assessed to be lower than in 2001 and is now average.

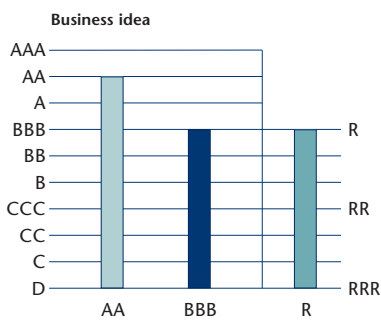
In the years ahead, the traditional gaming market will probably display modest growth, with tendencies towards stagnation. However, Norsk Tipping is expected to experience strong growth, one of the reasons being a probable role as sole operator of the gaming machines market.

It will be challenging to retain the same high degree of profitability in the years to come. The most important reasons are increasing competition via the Internet, required system investments, and organisational adaptation to a new business environment (the operation of the gaming machines market, direct customer contact through new channels, and new internet-based competitors). Furthermore, profitability will be influenced due to lower margins for gaming machines than for other games.

Norsk Tipping is in the process of making organisational changes, affecting both culture and structure, to better be able to meet new business challenges. Several new strategic plans have been developed to improve interaction with retailers and players. The company has also worked intensively with the political community to build an understanding of Norsk Tipping's role.

The risks related to Norsk Tipping's operations are limited, due to the monopoly. Compared to the previous rating, the risk has been reduced. This is mainly a result of the strong position of the company as an operator of the gaming machines market.

Competition in the Internet sector will gain importance in the future. Today, the company's share of Internet-based games in the total games portfolio is modest. However, an increasing number of competitors will offer games and related entertainment via the Internet. The boundaries between direct and indirect competition in the games industry will become more unclear as games and entertainment integrate.



ORGANISATIONAL STRUCTURAL CAPITAL

Organisational structural capital has been improved since the previous rating. Both efficiency and renewal efforts have been strengthened and are now assessed to be relatively good. The risk of reduction is assessed to be average, in line with the previous rating.

Organisational structural capital includes not only documented knowledge, structured in methods and systems, but also culture and organisational relationships.

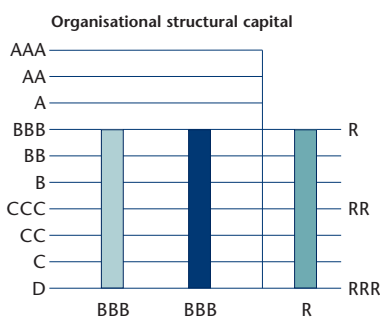
The culture has two distinct variations, related in part to an ongoing alteration of the generations. A large number of recently-employed persons form the basis of a change-oriented culture, while those who have long experience stand for a 'security culture' with conservative elements. The need for improved customer orientation calls for improved cooperation between departments. A more flexible and change-oriented culture is a key to meeting the new challenges in the market.

To strengthen the company's change aptitude, Norsk Tipping is now carrying out organisational changes.

The systems for knowledge management still have a potential for improvement. Knowledge sharing across organisational borders suffers from a lack of systems, and it is too hard to identify where particular expertise is found in the organisation.

The systems for marketing and market surveillance are still strong. Distribution is another strong area. Norsk Tipping is working to adapt distribution to the habits of younger generations through internet and mobile solutions. By utilising developments in technology, Norsk Tipping's production system is in constant renewal. The introduction of a new terminal network and the smart card are examples of this.

Awareness of the importance of documenting work and procedures has grown since the previous rating. This reduces the risk of losing key expertise.



HUMAN CAPITAL

Human capital is at the same relatively high level as it was in the previous rating, in terms of efficiency. The same applies to the relatively high renewal effort and the average risk of reduction. Overall, good stability is displayed.

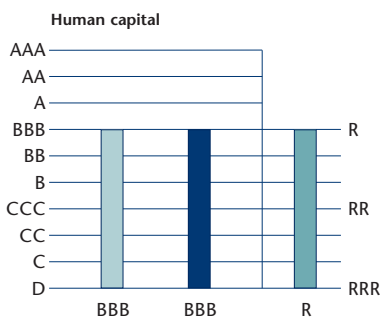
Both management and employees possess a high level of knowledge and experience regarding Norsk Tipping's business. The employees stand for high quality and reliability.

The external leadership remains strong. The management's external communications are given broad coverage in the press, and Norsk Tipping enjoys good relations with stakeholders in business and politics. The management excels in good strategic abilities, and has well-prepared strategic plans. Norsk Tipping's management is very conscious of future challenges. They have succeeded in retaining political support, while at the same time building a sharper profile in their communications with the market. From some external quarters, management is, from time to time, criticised for a lack of innovation and commercial focus. The management's scope of action is, however, limited by political restrictions, a fact not always considered by external critics.

Internal leadership shows some weak points, the most prominent being internal communication and delegation. Against this background, the company has initiated several activities designed to support delegation and participation by employees. The management are perceived as promoting a positive company culture. The personnel focus is highly regarded. Employees enjoy a good working environment with benefits and development opportunities.

Through their experience, the employees have a good understanding and knowledge of the market and the company's products. However, more product innovation is requested. The employees are still inexperienced when it comes to direct customer contact. The new CRM system will support this effort, partly by providing more knowledge about customers, and partly by providing direct system support in customer interactions.

From a risk perspective, the improved processes have reduced the risk related to any key personnel leaving the company. Since loyalty and motivation are high, the probability of a reduction is assessed to be very limited.



RELATIONAL STRUCTURAL CAPITAL

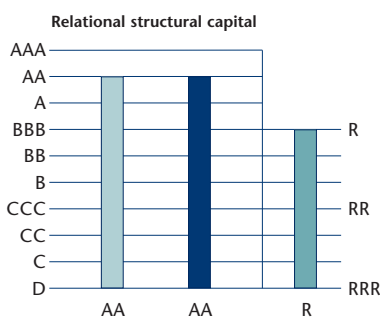
In line with the previous rating, the relational structural capital is assessed to be very high in efficiency, and renewal efforts are very good. The risk of reduction is assessed to be average. The relational structural capital consists of external partnerships and relations, knowledge and reputation, customer relations and customer potential. These elements constitute the strongest part of Norsk Tipping's intellectual capital.

The company is a very adept network builder. The CEO plays a key role in profiling Norsk Tipping internationally. The retailer network and the media network make up the strongest and most significant external relations. The retailer network is well established and strong through its nationwide presence. To strengthen distribution capacity, Norsk Tipping now focuses on retailers in the prominent food store chains. By introducing new terminals in the network, Norsk Tipping will further strengthen the retailer network. Within the media community, Norsk Tipping also enjoys good relations, is given broad coverage, and has prime-time slots for the TV draws.

Norsk Tipping's brand is very well known. For a number of years, the company has been among the three most well-known brands. A major part of the profit is allocated to causes benefiting society, which helps build a good reputation. Norsk Tipping is connected with credibility and professionalism.

An operatorship of the gaming machines market may adversely influence the brand. Stakeholder groups are already criticising Norsk Tipping for having too aggressive advertising. The company must, at all times, balance marketing against social responsibility.

Norsk Tipping has a large, diversified and very loyal customer base. In general, the customers are very satisfied with Norsk Tipping. The prize handling system functions very well and customer relations are currently good. Criticism regarding customer handling is very rarely heard. The takeover of the gaming machines market will entail an expansion of the customer base. The greater part of customer interaction takes place at the retailers' stores, with, currently, only a minor share of customers having direct contact with the company via the Internet. In the short term, Norsk Tipping is not vulnerable to fleeing customers. However, in view of the relatively high average age of the customer base, it will be critical to attract younger age groups. Norsk Tipping should, to a greater extent, protect itself against this risk through product development.



Corporate Social Responsibility

This is Norsk Tipping's first corporate social responsibility report. The company acknowledges the great responsibility entailed in managing significant assets on behalf of society and the individual resident of Norway.

Our ambition is to further develop our management systems and accounting methods in areas not covered by traditional financial reporting, based mainly on the principles of "triple-line" reporting (economic, social, and environmental), as defined by the Global Reporting Initiative.*

Our ambition is to develop systems and a methodology that will, in due course, lead to comprehensive social responsibility reporting, audited by an independent certification body. This year's report is the first step in that direction.

*The Global Reporting Initiative is the leading international standard for voluntary sustainability reporting.

PLAYERS

Norsk Tipping has nearly two million registered players holding player cards. Every week, approximately one million customers participate in one or more of the company's games. Approximately 35 000 are direct customers that place their bets via the Internet.

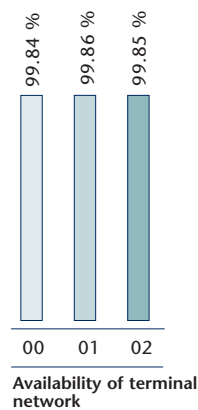
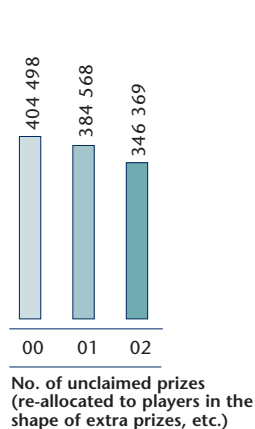
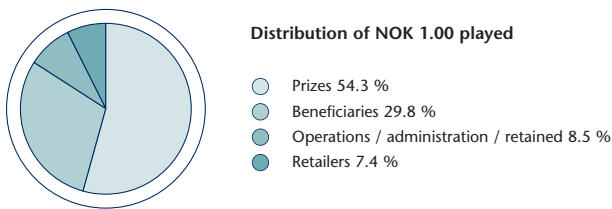
Goals

- Norsk Tipping will primarily develop and operate games offering a high degree of excitement and entertainment.
- Norsk Tipping will offer games within socially acceptable boundaries.
- The players shall have access to an attractive games offering, and have a choice of when and how they want to play.
- The players shall be absolutely confident that all transactions are carried out in a secure manner.

Systems

The company's games are distributed through a nation-wide network providing central control and transparency. The company and its games-related processes are certified according to WLA Security Standards.

Indicators



EMPLOYEES

Norsk Tipping has nearly 300 employees, and is the leading centre of games-related expertise in Norway. The work location for all employees is the company's offices in Hamar.

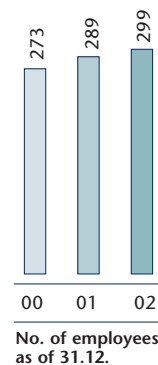
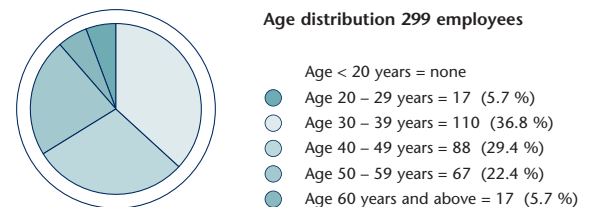
Goals

- Norsk Tipping will actively facilitate personal and professional development.
- Employees shall be able to adapt working hours, time input and tasks in accordance with various phases of their lives.
- The company will work actively for equality between the sexes in all positions, including management.

Systems

Norsk Tipping's personnel policies and benefits are laid down in separate documents and guidelines. Individual job appraisal meetings are held annually for all employees, forming the basis for individual development plans. Surveys of the company's intellectual capital are carried out on a regular basis, forming the basis for action plans for the company, organisational groups and the individual employee.

Indicators



RETAILERS

Norsk Tipping has 3 849 retailers. They constitute the core of the company's nationwide distribution network and the main arena for contact between the company and the players.

Goals

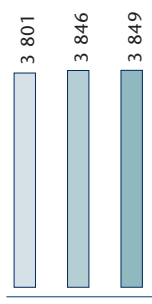
- A retailer's commission should be attractive and provide opportunities for retailers working actively to develop their offering.
- The company offers tools, training and support that make it possible to maximise the opportunities provided by a retailer commission.
- Norsk Tipping places demands on its retailers. A commission entails duties and calls for team-work.

Systems

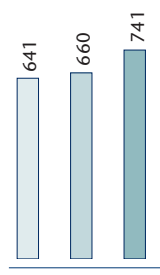
Norsk Tipping offers an extensive training programme at the company's training centre at Hamar, as well as self-study course materials. A separate Intranet has been established to secure good communication between the company and the retailers. Each individual retailer is followed, through a separate plan, with systematic and periodic reporting.

Indicators

By counties	as of 31.12.02
Akershus	267
Aust-Agder	94
Buskerud	188
Finnmark	109
Hedmark	186
Hordaland	352
Møre og Romsdal	270
Nordland	287
Nord-Trøndelag	123
Oppland	193
Oslo	357
Rogaland	267
Sogn og Fjordane	126
Sør-Trøndelag	229
Telemark	143
Troms	169
Vest-Agder	123
Vestfold	155
Østfold	210
Svalbard	1



No. of retailers as of 31.12.



Total reported retailer commission, NOK mill

SOCIETY

Norsk Tipping has a broad interface towards many groups and individuals in society – including humanitarian organisations, central and local authorities, media, the retail industry and other business sectors.

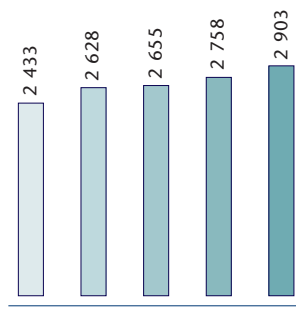
Goals

- All relations should be characterised by openness and honesty.
- The company shall supply extensive and relevant information related to its activities, for the benefit of all stakeholders.
- The company shall be aware of and consider the interests of all stakeholders in the conduct of its business, and, to the greatest extent possible, avoid any negative impact on any of them.
- The company will play an active role in the local business community in Hedmark county.

Systems

Norsk Tipping has well-established routines for media contact. The company also has regular meetings and contact points with humanitarian organisations and the trade industry.

Indicators



Profit for allocation to beneficiaries, NOK mill

SUPPLIERS

Norsk Tipping enjoys good relations with a number of suppliers. The company is a significant purchaser of goods and services, development purchases and investment purchases - locally, regionally, nationally and internationally.

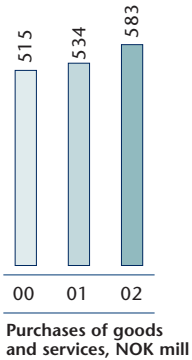
Goals

- Norsk Tipping aims at being a professional purchaser, with bargaining power and routines that ensure competitive prices and conditions.
- Norsk Tipping values long-term relationships because these build the supplier's competence which, in turn, benefits the company.
- Norsk Tipping guidelines state that employers cannot accept gifts or services from any supplier, which may influence the professional relationship and purchase decisions.

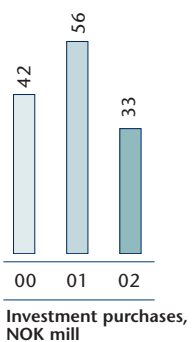
Systems

At regular intervals, Norsk Tipping evaluates its supplier contracts and carries out competitions and tender processes in accordance with acknowledged principles for openness and the equal treatment of participants.

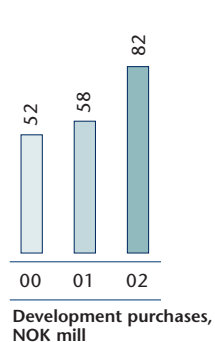
Indicators



Purchases of goods and services, NOK mill



Investment purchases, NOK mill



Development purchases, NOK mill

ENVIRONMENT

Norsk Tipping's activities do not adversely affect the environment, as there are no emissions to air or water. Nonetheless, Norsk Tipping is conscious of the environmental impact resulting from consumption of resources, transportation, waste generation, etcetera.

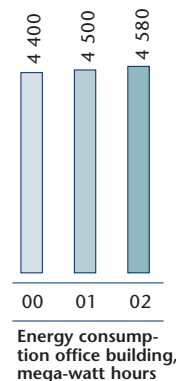
Goals

- Norsk Tipping shall seek environmental sustainability in all business processes and activities.
- The company shall define environmental requirements for suppliers.

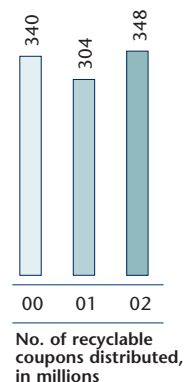
Systems

The company has environmental clauses in its contracts with suppliers of goods. These include the requirement that all coupons and programmes be printed on unbleached, recyclable paper, and with poison-free ink. The company has established internal routines for efficient energy consumption, waste handling and recycling of resources.

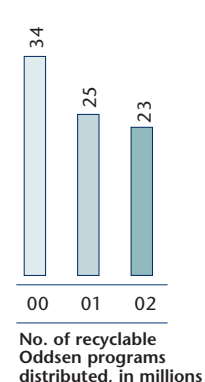
Indicators



Energy consumption office building, mega-watt hours



No. of recyclable coupons distributed, in millions



No. of recyclable Oddsen programs distributed, in millions

Corporate governance in Norsk Tipping

Definition

Corporate governance generally encompasses the Board's responsibilities and the observance of the shareholders' interests, as well as open communications on how the company is governed.

Within the Board's responsibilities, risk management is an area of particular focus. This comes - in addition to work with strategies, budgets and control - with the Board's administrative duties. In some cases, corporate governance is also interpreted to include business ethics and corporate social responsibility.

Corporate governance became a focused topic during the 1990's. The background was an increased awareness regarding private enterprises' importance versus the individual, and the fact that good governance helps assure shareholders that the company is spending its capital in an efficient and responsible way. The topic has been the subject of further focus in the wake of financial scandals in the past couple of years, characterised by little openness regarding some companies' systems for management and control.

Norsk Tipping's policy

Norsk Tipping is aware of the important role the company has in society, and emphasises corporate governance which is good, reliable, and, at a minimum, in compliance with expectations from society-at-large, in general, and the state, as its owner, in particular.

The governance shall ensure that the company takes into consideration the various stakeholders the company has, and contributes, at large, to the company's purpose of benefiting society.

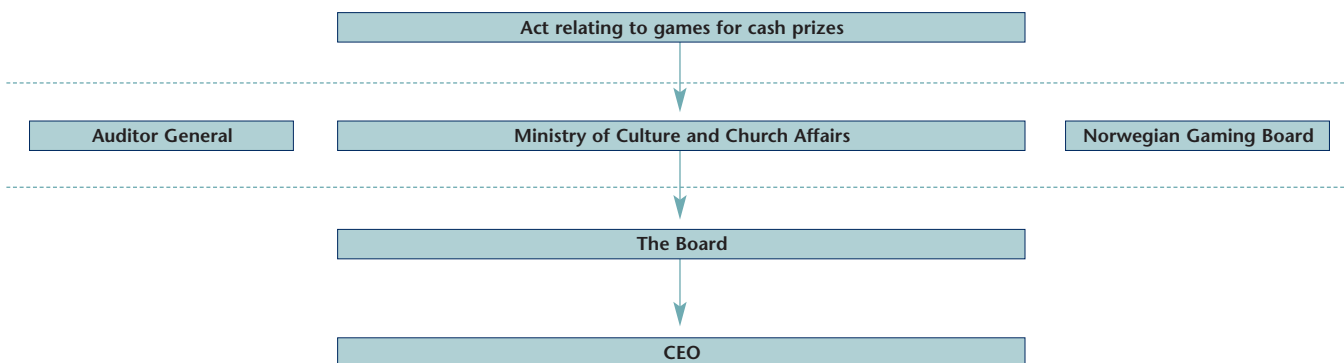
The owner's roles

Norsk Tipping is a state-owned limited liability company under the jurisdiction of the Ministry of Culture and Church Affairs. The operation is governed by the Act relating to games for cash prizes, of 28 August 1992, no. 103, with subsequent amendments.

The Act relating to games states the regulations pertaining to the operation of the company relating to board functions, management of the company's assets, and the distribution of profit. These regulations are detailed and further expanded on in separate by-laws for the company, in instructions for the Board, and in guidelines for fund allocations.

The Ministry of Culture and Church Affairs commissions new games and decides on the rules of the games.

The Minister of Culture and Church Affairs constitutes the company's general assembly. The general assembly is held every year, normally in April, in connection with the company's annual meeting, at which time the Board and management report on operations in the previous year.



The role of the Board

Norsk Tipping AS is managed by a Board consisting of four independent members appointed by the Ministry of Culture and Church Affairs, and two employee representatives, elected from among and by the employees. In this context, independence means that the members are independent of the beneficiaries. The Board members are appointed for a period of two years. In line with the authorities' goal relating to equality between the sexes, there has been an even share of men and women on the Board for a number of years.

The Ministry of Culture and Church Affairs has issued instructions for the Board, stating that the Board will make decisions on an independent basis and according to normal business principles. The Board's tasks include ensuring that the company is operated in accordance with its objectives, bylaws and guidelines. Furthermore, the Board is responsible for the satisfactory organisation of the company, including overseeing its relationship with retailers. The Board shall also ensure that book-keeping and asset management is subject to adequate controls. The Board presents accounts and an annual report to the Ministry for approval. Furthermore, the Ministry is kept informed about questions of principle crucial to the company's operations.

In the annual strategy and planning processes, the Board is presented with plans for approval during the spring. The Board evaluates and approves action plans and budgets, and plays, through this process, an active part in the governance of the company.

The Auditor General and the Norwegian Gaming Board

The Auditor General audits the company's accounts. The Auditor General is the Parliament's control body and has an independent position relative to other state institutions. The Norwegian Gaming Board oversees the company's compliance with relevant legislation and the rules of the games. The Norwegian Gaming Board is subordinate to the Ministry of Culture and Church Affairs, with the task of overseeing and controlling private lotteries and state-owned games.

The administration

The CEO is responsible for the day-to-day operations of the company. The CEO is appointed by the Board, which also sets the CEO's compensation and oversees other contractual matters.

The Act relating to games states for cash prizes that Norsk Tipping is not governed by the Companies Act. No reference is made to the applicability of the Accounting Act, although the company's Board is obliged to, as stated in the Royal Proposition of 11 December 1992, make independent decisions according to acknowledged principles of sound business conduct. Against this background, and against the background of the company's public presence, engagements and ordinary contractual conditions, the Accounting Act is adhered to, as far as is practically possible.

Norsk Tipping's objective is to generate as high a profit as possible for the beneficiaries decided upon by the owner, and to develop and operate games within socially acceptable boundaries. The operation shall be characterised by a high level of security, expertise, efficiency and quality. The core values and ethical norms should be based on responsibility, societal benefit, competitive power, openness and loyalty. This is laid down in the company's mission statement.

To interpret what these values should mean in practical terms, a process was started in 2002 to establish a "code of conduct" for Norsk Tipping, detailing ethical and moral guidelines relative to the retailers and players. This process will be continued in 2003.

Norsk Tipping is certified in accordance with WLA Security Control Standards. These are international standards for the gaming industry, the objective of which is to ensure that certified companies have an efficient security organisation and structure for the operation of the games. Furthermore, the standards state that systems must be in place for internal control that ensure good risk management. Additional requirements for risk management at a business level are included in the standards, beginning in November, 2002. During 2003, measures will be initiated to bring the company into compliance with these requirements.

Organisation

MANAGEMENT (AS OF 31.12.2002)

President and CEO

Reidar Nordby jr.

Executive Vice President

Jon Olrud

Vice President Strategy and Business Development

Tollef Imsdalen

Vice President Marketing

Randi B. Sætershagen

Vice President Operations

Jan P. Strømslid

Vice President Corporate affairs

Tore Elman Tangen

Vice President Organisation and Personnel

Gro Sørbø

Vice President Security

Morten Schjelderup

BOARD OF DIRECTORS

Sigmund Thue, Chairman

Anni Onsager, Vice-Chairman

Berit Fosheim

Torgeir Mjør Grimsrud

Kjersti Langseth

(Personal deputy Tone Kornberg Andersen)

Marit Skaugen Holmberg

(Personal deputy Geir Evensen)

Other deputy members in order of priority:

Odd Solbraa

Egil Holen

Brit Skurdal Braastad

NORWEGIAN GAMING BOARD

Head Office Førde:

Managing Director Atle Hamar

Director Jan Størfing

Section Hamar:

Leader Kåre Sveen

Appointed notaries:

Jan Grøndahl, leader

Valborg Berthelsen

Marith Brekke

Øystein Ruud

Per-Øivind Sandberg

Ola Skjølaas

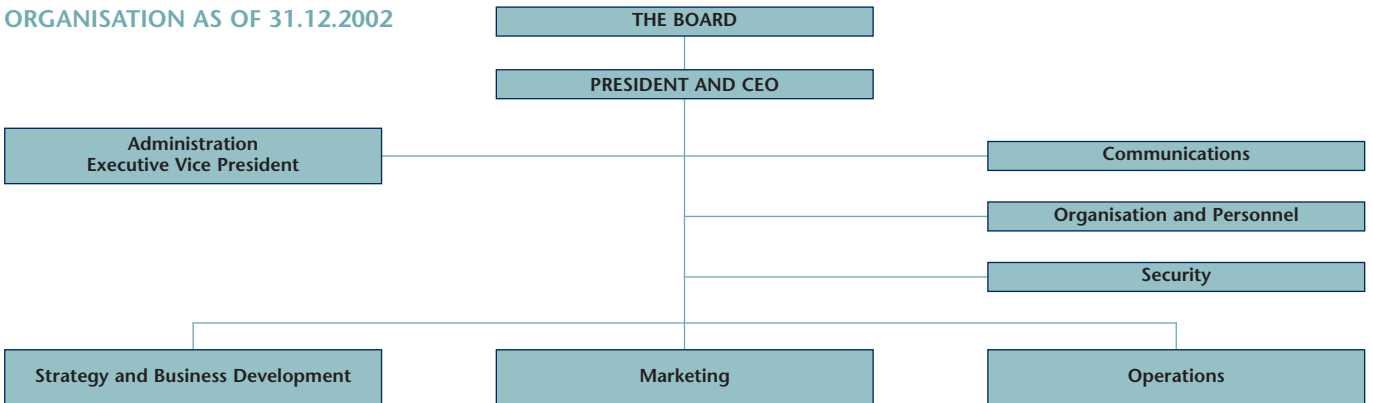
Torill Skogly

Randi Stavø

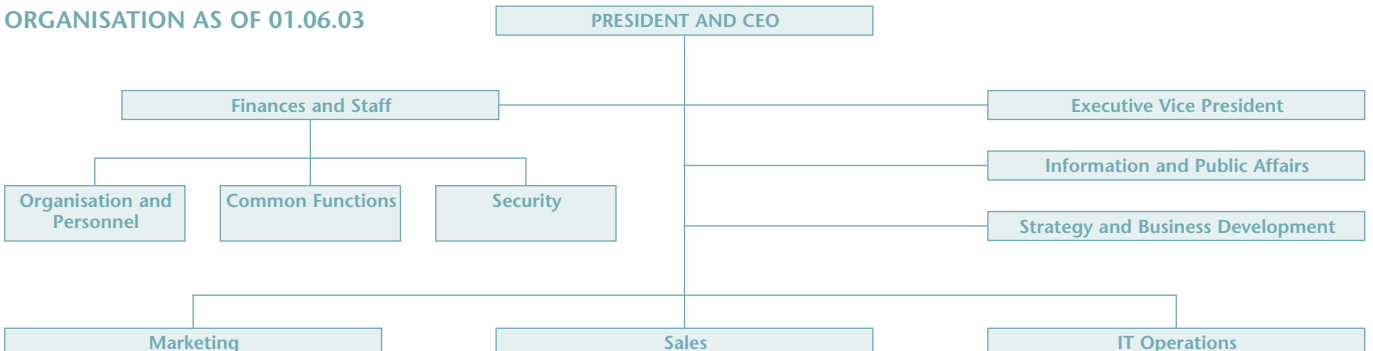
Anne Kari Steen

The Norwegian Gaming Board, a public body appointed by the Ministry of Culture and Church Affairs, is responsible for making sure that all games in Norway are run in accordance with the relevant laws and regulations.

ORGANISATION AS OF 31.12.2002



ORGANISATION AS OF 01.06.03





NORSK TIPPING

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