

2009

ANNUAL AND  
SOCIAL REPORT



NORSK TIPPING

18%

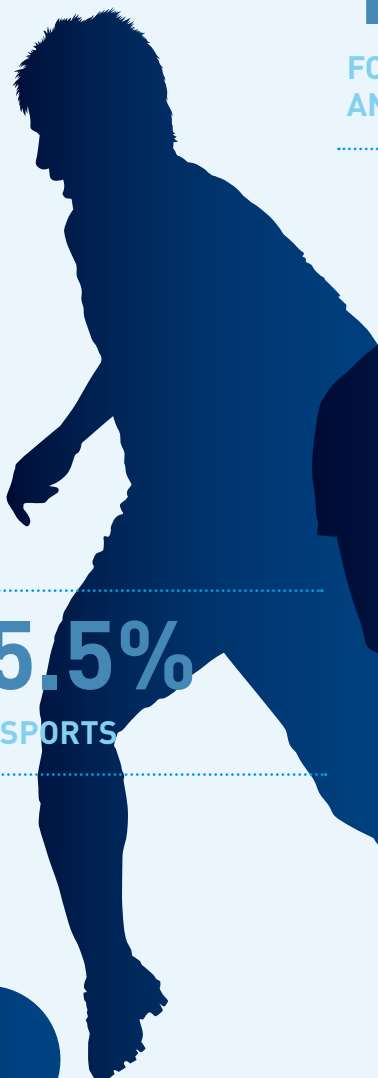
FOR SOCIALLY BENEFICIAL  
AND HUMANITARIAN CAUSES

45.5%

FOR SPORTS

36.5%

FOR CULTURE



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READ MORE ABOUT OUR PRIORITY AREAS ON PAGES

**28-65**

Editorial board at Norsk Tipping

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**NORSK TIPPING'S TURNOVER INCREASED IN 2009. NATIONAL GAMING COMPANIES IN MOST OTHER COUNTRIES EXPERIENCED THE OPPOSITE. RECORD SALES HELPED TO PROVIDE NOK 3.7 BILLION FOR GOOD CAUSES – MORE THAN NOK 10 MILLION PER DAY THROUGHOUT THE YEAR.**

### AMBITION



“Through a responsible and attractive range of games, we will generate NOK 4 billion for good causes from at least two million players in 2012.”

### VISION



“We give the dream a chance.”

### SOCIAL ROLE



“Norsk Tipping has a threefold social role: to provide responsible gaming, an attractive range of games and a profit for good causes.”

## KEY FIGURES

NOK mill	2009	2008	2007	2006	2005	2004
Games revenue	12 575	10 578	10 388	9 619	9 203	9 617
Prizes	7 322	5 615	5 510	5 101	4 829	5 010
Prize ratios	58.2%	53.1%	53.0%	53.0%	52.5%	52.1%
Game commissions	754	713	714	675	660	699
Game commissions	6.0%	6.7%	6.9%	7.0%	7.2%	7.3%
Operating profit <sup>1</sup>	2 934	3 054	2 993	2 725	2 706	2 761
Operating margin <sup>1</sup>	23.3%	28.9%	28.8%	28.3%	29.4%	28.7%
Net profit <sup>2</sup>	3 024	3 294	3 178	2 860	2 782	2 816
Profit margin	24.0%	31.1%	30.6%	29.7%	30.2%	29.3%
Employees at 31 Dec	360	349	322	324	367	373
Retailers at 31 Dec	4 038	4 038	3 973	3 975	3 954	3 847
Retailer terminals at 31 Dec	4 629	4 590	4 501	4 501	4 470	4 364

<sup>1</sup> Excluding transfers from funds.

<sup>2</sup> The Grassroots Share is included in the accounts for 2009 as a cost, reducing net profit by NOK 211 million and the profit margin by 1.7 per cent.

Percentages are calculated in relation to games revenue.

## NOK 10 MILLION FOR GOOD CAUSES EVERY DAY

Norsk Tipping has a threefold social role: to provide responsible gaming, an attractive range of games and a profit for good causes. The company's values are rooted in this social role.

Norsk Tipping is a wholly state-owned company charged with implementing the government's gaming policy. This is formulated as follows: "To ensure that money games and lotteries are conducted in satisfactory forms under public control, with a view to preventing negative social consequences from lotteries and money games, while simultaneously ensuring that lotteries and money games can provide a source of income for socially beneficial and humanitarian work, sports and culture."

The government notes in its 2010 budget that "the biggest challenge in the lottery and money game area during 2010 will be to vitalise Norsk Tipping's gaming sales with acceptable new games, and to follow up the ban on privately operated bingo machines which will come into force in 2010."

Norsk Tipping accordingly regards the development of attractive new games as an important part of its social role in order to

channel the popular desire for gaming towards acceptable games. This also involves recruiting new young players for Norsk Tipping's games. Channelling is not least important in limiting participation by Norwegians in unregulated gaming on the Internet.

Norsk Tipping summarises its social role as:

- providing Norwegian players with responsible games
- providing Norwegian players with attractive games
- delivering the highest possible profit to the beneficiaries.

The company gives the dream a chance, both for its players and for the beneficiaries. Gaming revenues benefit socially useful purposes throughout the country every year.

Norsk Tipping adopted a new values model in 2010, which is rooted in its social role. See page 3.

## NORSK TIPPING'S VALUES

WE ARE CONSCIOUS  
OF OUR SOCIAL RESPONSIBILITY



Responsible  
Open  
Reliable  
Trustworthy

Norsk Tipping and those of us who work for the company are open and reliable. We offer responsible games and show social responsibility.

WE ARE MODERN AND  
FORWARD-LOOKING IN WHAT  
WE DO



Keen to learn  
Innovative  
Courageous  
Adaptable

Norsk Tipping and those of us who work here are keen to learn, innovative, courageous and adaptable.

WE ARE  
CUSTOMER-ORIENTED



Attractive  
Create pleasure  
Down-to-earth

Norsk Tipping and those of us who work here help to create good entertainment and pleasure through attractive games, and give the dream a chance.

WE CREATE VALUE  
FOR GOOD CAUSES



Decisive  
Result-oriented  
Efficient  
Collaborative

Norsk Tipping and those of us who work here are decisive, focused on results and improvement, and efficient.

With these core values as a management tool, Norsk Tipping will create added value for its customers, employees, beneficiaries and owner.

## HIGHLIGHTS OF 2009

### NORWAY'S BIGGEST FOR MOBILE SALES

Norsk Tipping is the leading Norwegian company for sales via the Internet and mobile phones. It sold games to the tune of NOK 1.1 billion over the web and NOK 143 million via mobiles during 2009. The number of web players has more than doubled over three years.

### 240 000 NEW CUSTOMERS

Norsk Tipping secured 240 000 new customers during 2009, bringing the total at 31 December to 1 920 881. Of these, 1 843 342 played during the year.

### REGISTERED GAMES

Norsk Tipping made player registration mandatory for all games except Flax on 23 February 2009. This system puts it in a unique position among the world's gaming companies for the ability to adapt responsible gaming measures and to detect irregularities. The introduction created no major problems, and has had little negative effect on turnover.

### GRASSROOTS SHARE

Norsk Tipping introduced the Grassroots Share in 2009. This is a unique scheme in world terms. It allows a player to donate five per cent of their stake to a "personal" beneficiary. By 31 December, 520 000 donors had joined the scheme and allocated almost NOK 211 million. The average grassroots donor allocated NOK 406 to their preferred team or society in this way. These funds appear as a cost in the Norsk Tipping accounts, and are disbursed to the teams/societies three times a year.

### REGULATION OF GAMING MACHINES

The new interactive video terminals (IVTs) with their Multix games were strongly criticised before the roll-out began. At 31 December 2009, the company could note that the criticism had died down. Figures from the Helpline show that the Multix games have made little contribution to problem gaming. This demonstrates that Norsk Tipping has successfully managed to regulate the difficult gaming machine market. Net revenues from the IVTs totalled NOK 156 million.

### GAMING AT THE CHECKOUT

At 31 December 2009, players could submit games at the till in more than 400 REMA 1000 grocery stores. Games totalling NOK 25.5 million were submitted in this way. Analyses show that two per cent of sales have moved from the traditional retailer to the grocery store. Other low-price grocery chains are now in line to introduce Gaming at the Checkout.

### CRITICISM FROM AUDITOR-GENERAL


The Office of the Auditor-General presented two reports which were highly critical of the company following a comprehensive audit of the 2000-07 period. Norsk Tipping regards the conditions described by the Auditor-General as very serious, but maintains that they could not have occurred today. The company resolved to undertake an independent investigation of contractual relations criticised by the Auditor-General.


## PRODUCT OVERVIEW

Figures for turnover and prizes are rounded off to the nearest thousand.

 norsk-tipping.no	TURNOVER IN NOK: <b>3 761 733</b>	PRIZES: <b>1 880 867</b>	NUMBER OF PLAYERS: <b>1 726 311</b>
	AVERAGE TURNOVER PER PLAYER: <b>2 179</b>	AVERAGE LOSS PER PLAYER: <b>1 090</b>	AVERAGE AGE OF PLAYERS: <b>50.4</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>1 737 657</b>	PRIZES: <b>868 828</b>	NUMBER OF PLAYERS: <b>1 309 338</b>
	AVERAGE TURNOVER PER PLAYER: <b>1 327</b>	AVERAGE LOSS PER PLAYER: <b>664</b>	AVERAGE AGE OF PLAYERS: <b>50.5</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>821 001</b>	PRIZES: <b>410 501</b>	NUMBER OF PLAYERS: <b>1 274 460</b>
	AVERAGE TURNOVER PER PLAYER: <b>644</b>	AVERAGE LOSS PER PLAYER: <b>322</b>	AVERAGE AGE OF PLAYERS: <b>50.2</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>950 452</b>	PRIZES: <b>475 226</b>	NUMBER OF PLAYERS: <b>794 065</b>
	AVERAGE TURNOVER PER PLAYER: <b>1 197</b>	AVERAGE LOSS PER PLAYER: <b>598</b>	AVERAGE AGE OF PLAYERS: <b>53.4</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>977 847</b>	PRIZES: <b>520 445</b>	NUMBER OF PLAYERS: <b>905 679</b>
	AVERAGE TURNOVER PER PLAYER: <b>1 080</b>	AVERAGE LOSS PER PLAYER: <b>505</b>	AVERAGE AGE OF PLAYERS: <b>41.3</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>380 136</b>	PRIZES: <b>204 541</b>	NUMBER OF PLAYERS: <b>192 871</b>
	AVERAGE TURNOVER PER PLAYER: <b>1 971</b>	AVERAGE LOSS PER PLAYER: <b>910</b>	AVERAGE AGE OF PLAYERS: <b>47.2</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>1 549 594</b>	PRIZES: <b>1 056 284</b>	NUMBER OF PLAYERS: <b>217 533</b>
	AVERAGE TURNOVER PER PLAYER: <b>7 123</b>	AVERAGE LOSS PER PLAYER: <b>2 268</b>	AVERAGE AGE OF PLAYERS: <b>40.4</b>

 norsk-tipping.no	TURNOVER IN NOK: <b>732 234</b>	PRIZES: <b>397 303</b>	NUMBER OF PLAYERS: <b>314 403</b>
	AVERAGE TURNOVER PER PLAYER: <b>2 329</b>	AVERAGE LOSS PER PLAYER: <b>1 065</b>	AVERAGE AGE OF PLAYERS: <b>48.2</b>

	TURNOVER IN NOK: <b>1 664 016</b>	PRIZES: <b>1 508 131</b>	NUMBER OF PLAYERS: <b>84 498</b>
	AVERAGE TURNOVER PER PLAYER: <b>19 693</b>	AVERAGE LOSS PER PLAYER: <b>1 845</b>	AVERAGE AGE OF PLAYERS: <b>42.0</b>

## MANAGING THE SOCIAL ROLE

Torbjørn Almlid has devoted his first year at the helm to clarifying and entrenching Norsk Tipping's social role within the organisation. "We'll provide attractive and responsible games while delivering a profit for good causes," he says. "Our daily reality is that simple, and that demanding."

Almlid has been chief executive of Norsk Tipping for just over a year. His first 12 months were demanding and eventful for the 59-year-old.

"Norsk Tipping is an exciting organisation, and getting to know the company, our role and our employees has been an interesting journey," he says. "I find it a forward-looking organisation with broad and good expertise, and an incredible determination to comply with its social role. Norsk Tipping is so much more than what happens at head office in Hamar. We occupy a significant place in large sections of the community.

"We are part of the commercial world, with our retailer network and trading services, we are part of the political system through our socio-political role, we are close to the international gaming industry with regard to technology and new solutions for responsible gaming, and we are not least essential for sport, culture and the voluntary sector – from the top echelon to the broadest grassroots. Gaming revenue from Norsk Tipping builds a unique infrastructure in Norway, and being part of that is great fun."

What surprised Almlid most during his first year was discovering what a large information technology company Norsk Tipping actually is. "We have very complex IT systems to manage more than 4 000 retailers, as well as Internet and mobile phone customers. I was undoubtedly less than fully aware of

how extensive this part of Norsk Tipping has become when I joined."

He highlights three priority areas which will reinforce the company's significance for society.

### RENEWAL

Renewal will be one of the top priorities at Norsk Tipping in the time to come. Several of its products are showing their age, and the gaming market has changed greatly in the space of a few years. At the same time, the company has set itself the goal of being one of the best in the world for responsible gaming.

"Our new responsibility platform will become even more visible to customers in 2010," explains Almlid. "We're introducing an age limit of 18 for all our games, and voluntary tools which allow players to set their own limits for play. The basic idea behind this is to make players themselves conscious of their own gaming behaviour, and we'll be providing information about and facilitating healthy gaming habits. We'll also be introducing new commercial limits which prevent big players from spending millions of kroner on money games."

Norsk Tipping has struggled in recent years with the steady aging of its players. That challenge will take time to overcome.

"The average Lotto player is getting six months older for every year which passes," Almlid notes. "That shows we face a challenge in reaching the younger age groups. We have a great need for renewal. That's required to maintain and reinforce our position in the gaming market. We're feeling the competition from foreign providers. They challenge us while simultaneously sharpening us to pursue increased renewal and continuous development. We must constantly ensure that we're sufficiently attractive. If we aren't, we won't be able to channel players towards our responsible products. That would mean failing to fulfil our social role."

Before new games are introduced, the company must renew its technological infrastructure.

"We're in full swing with making provision for attractive and responsible new games in coming years," explains Almlid. "Developments on the IT front will dominate 2010, but we aim to offer several new products in 2011 and 2012."

Asked what new games might be in the offing, he says that Norsk Tipping will make a bigger commitment to products tailored for mobile phone and Internet players.

"We're talking here about more demanding games, often knowledge-based. We face challenging competition from web-based companies, and a strengthening of our sports games is also on the cards. In that way, we hope to have more legs to stand on while simultaneously being able to reach the younger customer groups. The ability to channel all age groups towards responsible and attractive products is important for our role."

The Ministry of Culture ultimately decides which games Norsk Tipping can offer and how they will be designed.

"It's important that we secure frame conditions which match our overall social role," Almlid observes. "It's not enough for a product simply to be responsible. It must also be attractive and help us to give more back to our beneficiaries. Fortunately, we have long experience with this difficult balancing act, and I find that our owner has great trust in us."

### TRUST

Trust has certainly been an important concept for Norsk Tipping in 2009. During the summer, the Office of the Auditor-General conducted a comprehensive audit of the company for the 2000-07 period. Two additional matters were raised by the Auditor-General just before Christmas. And the company experienced two critical IT incidents during the autumn which affected several thousand customers.

"Trust isn't something we can order," Almlid emphasises. "We have to earn it. We'll be doing that by taking action to clear up where it's needed.

"The Auditor-General's audits have been demanding, but also a valuable lesson. We'll be forward-looking and run the company in such a way that our operations can tolerate being questioned. Our aim will be the greatest possible transparency and traceability. Working in a cost-effective way will ensure that a larger share goes to the good causes for each krone we spend. Our costs will be cut by up to NOK 100 million in 2009-10. That shows we're devoting full attention to our costs and revenues, to the benefit of our social role.

"Norsk Tipping as an organisation has undoubtedly suffered a temporary loss of trust, and we'll be working to restore this. Our products haven't been noticeably affected by the Auditor-General's audits or the technical challenges we've suffered. We must be grateful for the confidence our customers have shown us in such conditions. We're respectful of that, and it shows that we mean a lot to many people."

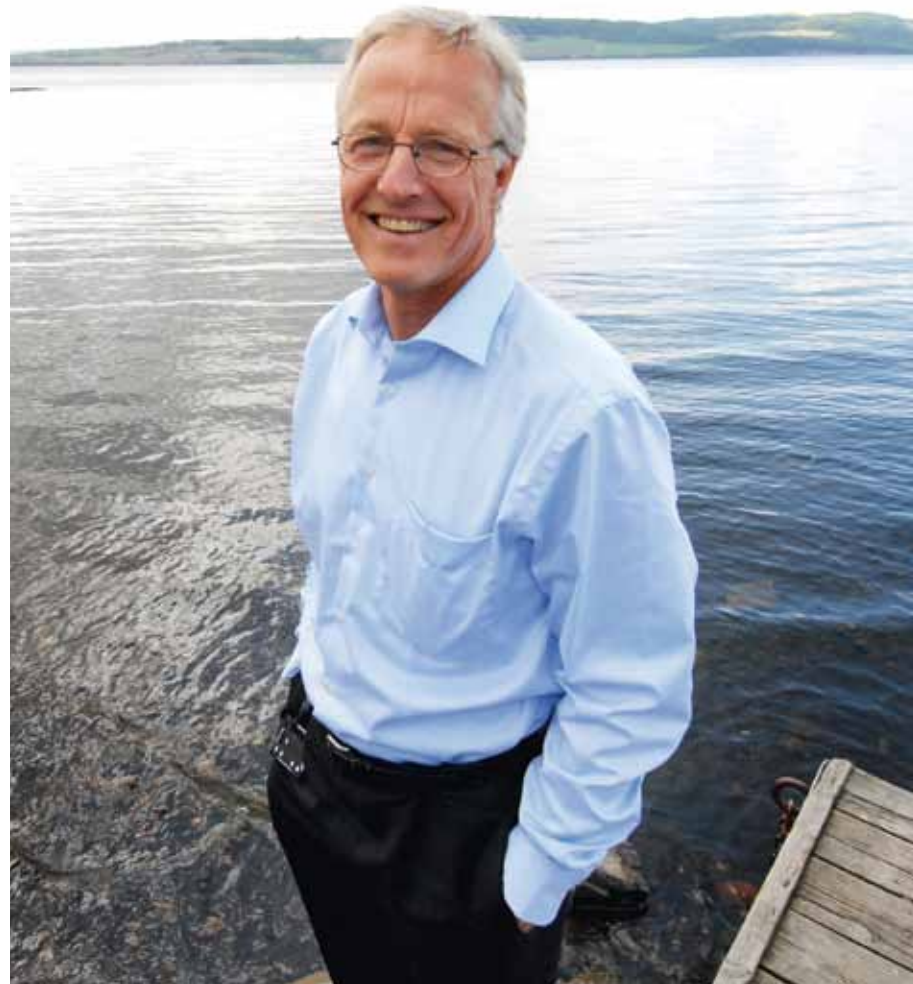
### PERFORMANCE

Almlid and his management team have identified performance as a lodestar for the company in the future. To encourage this, Norsk Tipping has introduced a completely new values platform for the company.

"Our values will reflect our acceptance of social responsibility, our modern and forward-looking approach, and our customer orientation," says Almlid. "Put briefly, we'll work more efficiently in order to ensure that more of our turnover can be returned to good causes."

When a "new" corporate culture is to be built in the organisation, much of the responsibility at the top rests with Almlid himself.

"Implementing these core values and getting them rooted in the whole organisation is quite clearly a management responsibility. I demand that my management team performs, while expecting them to make demands on me. That's how it'll be throughout the organisation."



# NORWAY BUCKS THE TREND

Turnover in the gaming market declined in most countries during 2009. The most important reason was probably the turbulence in financial markets. Norway, on the other hand, experienced an increase.

The public debate on money games in 2009 concerned the government's plan to prohibit financial institutions from transferring money to foreign gaming companies. This proposal has been the subject of a public consultation, but the regulations are still not ready.

No change of course on regulation was adopted after the general election. Nor has the new minister of culture, Anniken Huitfeldt, signalled any major modifications.

### Strong growth for bingo

Norwegian customers spent NOK 21 600 million on regulated money games last year.

The legal providers in Norway all made moves to secure their position in 2009, and a slight increase in turnover was recorded in the regulated part of the market. However, bingo played through contractors continued its strong growth. That applied particularly to the use of bingo machines. Following discussions with the Norwegian Gaming Board, Norsk Tipping's department for customer and market information estimated the increase at 17 per cent. Reliable statistics will first be available in the autumn, when the Gaming Board receives the accounts.

Norsk Tipping experienced an overall growth in turnover, partly because the year comprised an extra round of play and growing inter-

est in the Lotto games. The roll-out of the interactive video terminals (IVTs) also played a part, and led to a sharp rise in the gross figures. Because of the high share of prizes for the IVTs, however, most of the gross turnover represents recirculation of prize money. Net turnover was NOK 156 million.

The various characteristics and prize structures of the games mean that gross turnover does not always provide a good measure of spending by the population on money games. The IVTs are a good example of this, since most of the cash staked takes the form of recycled prize money.

### Growing competition

A steadily growing proportion of the population has dropped out of the gaming market since 2005. Surveys in that year showed that 22 per cent of Norwegians had not participated in money games within a three-month period. That proportion had doubled by 2008. The signs are that this trend has now flattened out.

As the range of entertainment on offer in society expands, options emerge which compete for the same kroner – in other words, that part of personal income devoted to entertainment.

TV channels, websites, newspapers and others offer ever more

sophisticated competitions on the web and via mobile phones, and a lot of these bear many of the hallmarks of lotteries. The Gaming Board considers such games to lie in the "grey zone", and devotes resources to assessing whether the various products on offer breach Norway's general ban on money games.

Such products compete with traditional money games for customer attention and spending.

### Unregulated competitors

Competition from unregulated providers is growing, but the Gaming Board estimates that the gross turnover of money games on the Internet remained more or less unchanged from 2008 to 2009. The board has calculated that turnover in 2009 was NOK 6-7 billion, including the Norsk Tipping and Norsk Rikstoto games. A survey conducted on behalf of the Gaming Board found that just over 50 per cent of respondents in 2009 said they played only on the Norsk Tipping and Norsk Rikstoto sites. This was a clear increase from the year before. The board believes an important reason is that interest in poker games has stagnated.

To sum up, the principal trends in 2009 were:

- bookmakers offering sports games experienced stagnation
- the poker boom on the Internet appeared to have peaked
- web casinos grew strongly
- web bingo grew

The providers seek to reach Norwegian customers through aggressive marketing on TV channels which are not transmitted from Norway. Providers such as Norgesautomaten.com also try to secure a foothold in the market by allying themselves with Norwegian voluntary organisations.

The Gaming Board keeps a close eye on developments and cracks down on illegal marketing, while the government has continued to prepare the planned prohibition of cash transfers to money game providers outside the regulated market.

### TERMS USED: NET AND GROSS

Turnover for money games is specified in two different ways. The traditional approach is to state what the player pays for a game (gross). Increasingly, turnover is also specified net of the share paid out in prizes. Net turnover for Lotto will thereby be 50 per cent of the stake. With web games or IVTs, where a much higher proportion is devoted to prizes, players will normally replay their winnings and gross turnover is technically speaking much higher than the real stake.

Norsk Tipping has traditionally used gross turnover – in other words, the amount staked regardless of prizes paid – as the measure for saying something about the support for its various products. With IVTs in its portfolio, however, gross turnover becomes a poor measure of the population's actual consumption. This is because of the high prize share – the great bulk of the gross amount staked actually represents recycled winnings.

Net turnover – amount staked less prizes – gives a more precise picture of consumption.

The Gaming Board uses both, but largely sticks to net figures when describing the population's actual consumption of money games. Norsk Tipping will also be making greater use of net turnover in the years to come.

### Value creation

Norsk Tipping made a net profit of NOK 3.024 billion in 2009 on a gross turnover of NOK 12.6 billion (including Extra). The profit margin was 24 per cent, corresponding to 58 per cent of the NOK 5.3 billion in net turnover. NOK 645 million was also taken from the company's investment fund. A total of NOK 3.7 billion was thereby contributed to the beneficiaries.

### Quiet international market

The gaming markets also had a quiet year internationally in 2009. The European Court of Justice contributed to this, in part through its judgement in the La Liga Portuguese case. That confirmed the right of nation states to impose limits and restrictions on their own gaming market.

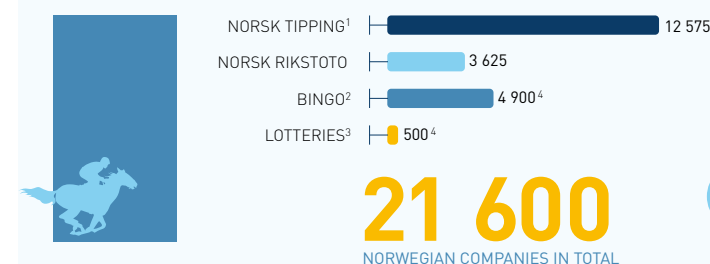
### International differences

Big variations nevertheless exist between gaming markets around the world, with substantial differences in game provision even between Norway and its neighbours.

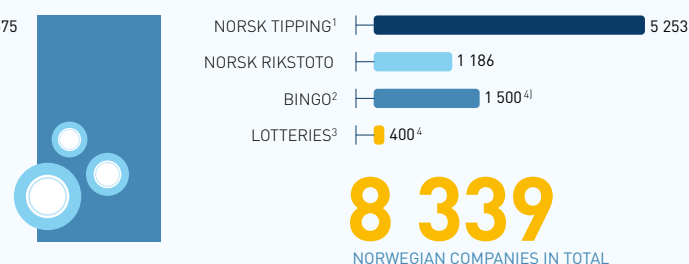
Generally speaking, all countries pursue a restrictive policy on money games. What there is of liberalisation normally relates to sections of the market, such as sports games and casinos.

The differences are often a result of history, culture, morals, infrastructure and population. Certain countries, like Norway, accordingly have very tightly regulated money games operated by strong, govern

TOTAL MARKET BY PROVIDERS – GROSS TURNOVER (NOK MILL)

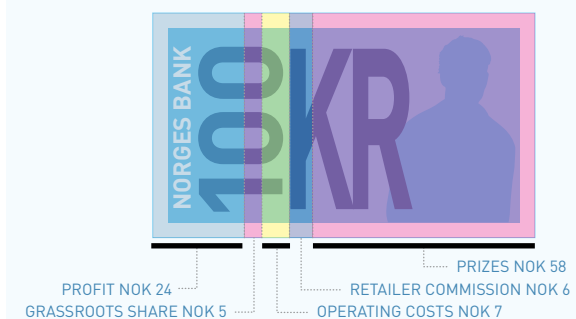


TOTAL MARKET BY PROVIDERS – NET TURNOVER (NOK MILL)



1 Of which Multix = NOK 1 664 mill and Extra = NOK 950 mill. 2 With and without contractors. 3 Excl Flax 4 Estimate NGB at March 2010.

VALUE CREATION FROM NOK 100 STAKED WITH NORSK TIPPING



ment-controlled companies. On the other hand, countries such as the UK, with its long bookmaker traditions, take a more liberal view of private operators in this area. Even in the liberal USA, moral and religious attitudes restrict the games on offer and, outside the large number of casinos, the availability of money games is fairly limited.

Internationally, entertainment, experiences and big prizes play an increasingly important role in people's choice of game.

**Nordic differences**

Norwegian players have a relatively limited menu of nationally regulated games. Traditional lotteries dominate. Casinos and traditional gaming machines are forbidden, and no games are specially tailored for electronic media – such as interactive forms.

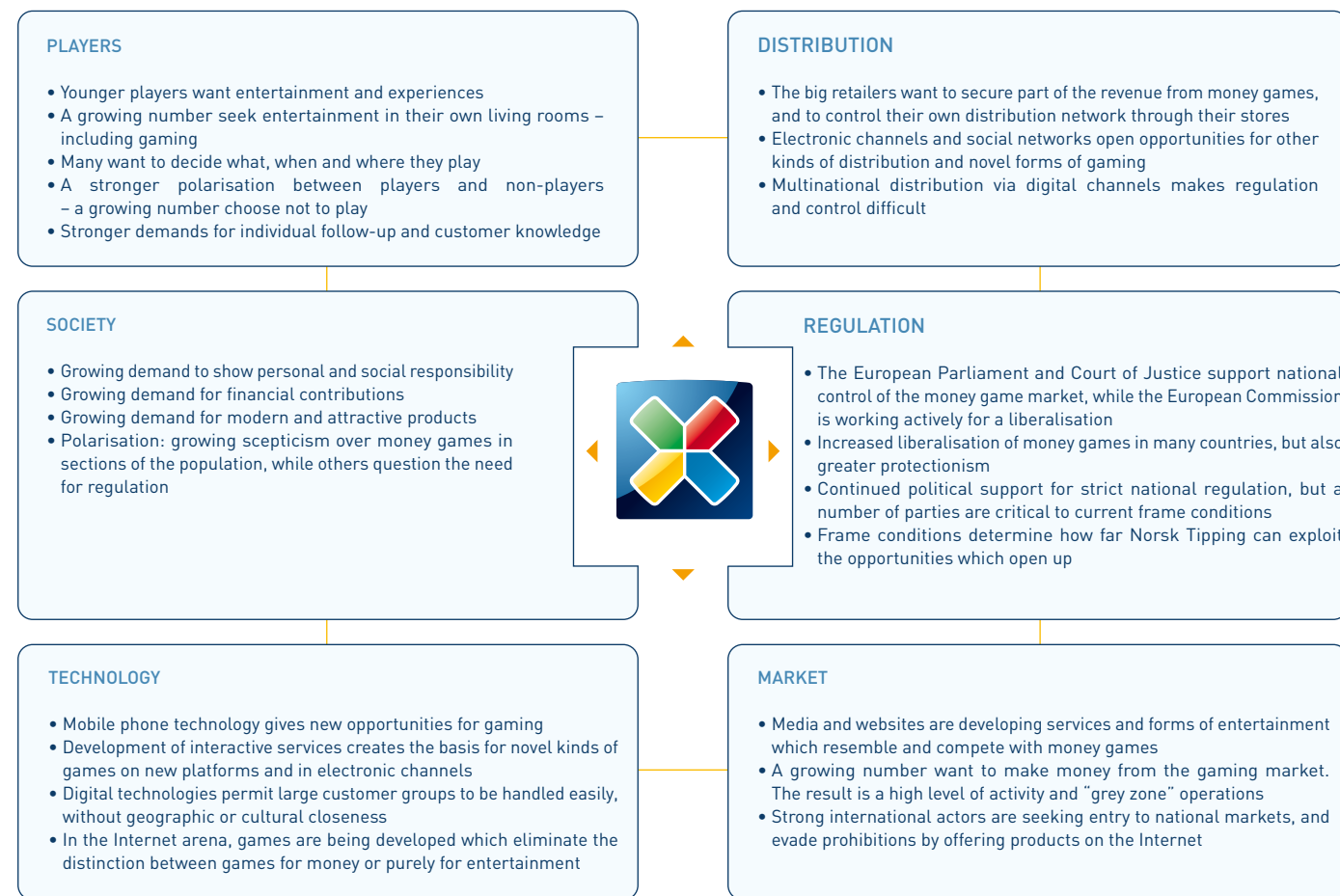
Compared with Norway's gaming market, the following differences exist within the Nordic region:

- Finland, Denmark and Sweden all have casinos. Those in Denmark and Finland are privately run, while Svenska Spel has an exclusive right to operate the ones in Sweden
- Svenska Spel is authorised in Sweden to offer poker on the web
- Svenska Spel and Denmark's Danske Spil have exclusive rights to organise bingo on the web
- Denmark has a growing private gaming machine market. Sweden and Finland have much larger gaming machine sectors
- The smallest range of national games on the web is found in Norway
- Sweden has a large national gaming industry with providers and operators (who admittedly offer their services from abroad)

As a member of organisations such as the World Lottery Association, European Lotteries and European Football Pools (renamed European Lotteries Sports from 1 January 2010), Norsk Tipping participates in fora devoted to the discussion of and solutions for money game regulation, national challenges and international collaboration.

# PRIORITY AREAS

**CHALLENGES FACING NORSK TIPPING**



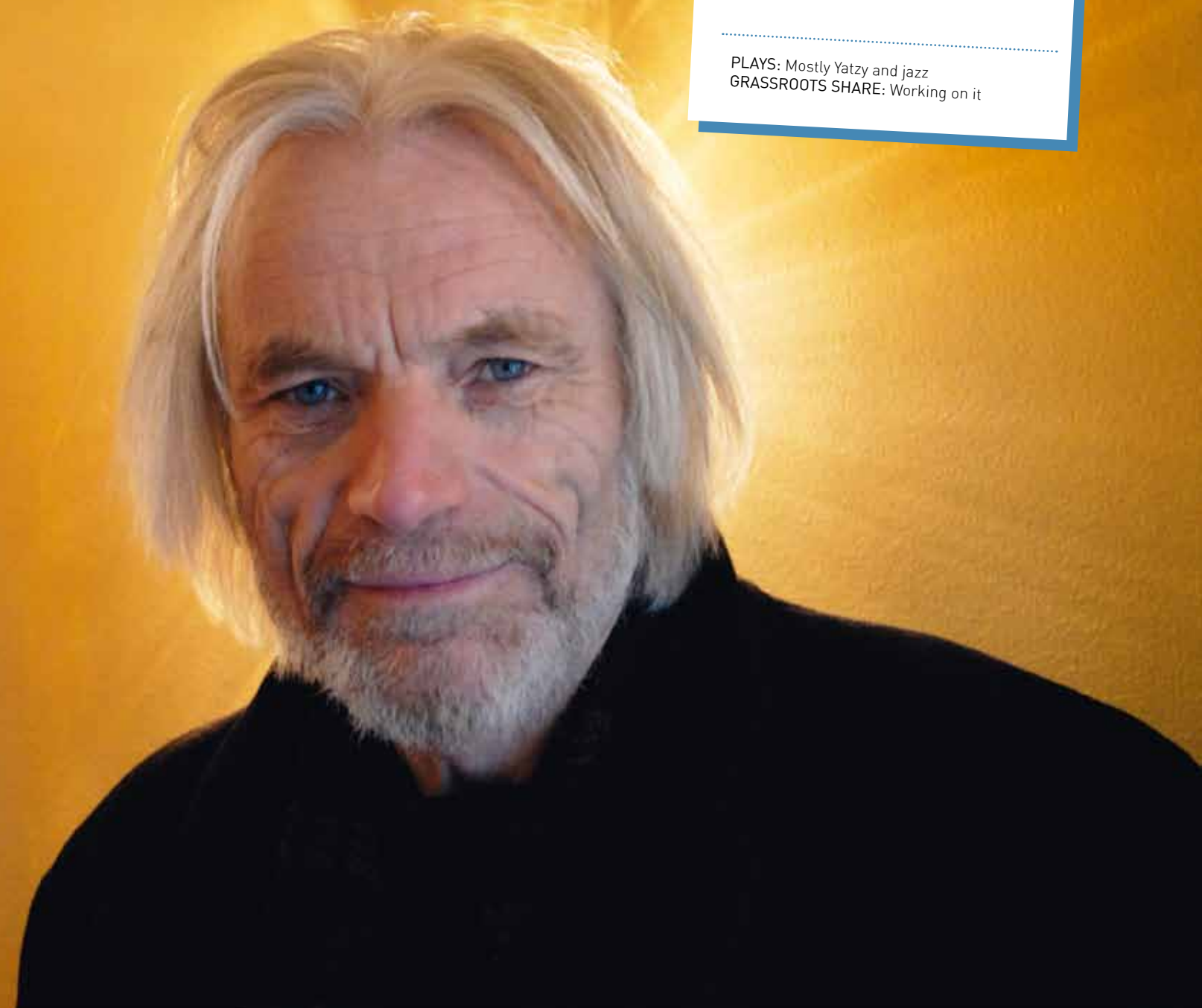
VALUE CREATION. NORWAY IS THE BIG WINNER. NOK 10 MILLION IS DISTRIBUTED DAILY TO GOOD CAUSES.

**VIDAR  
BØE**

EMPLOYER: DnB NOR  
JOB: Advisor

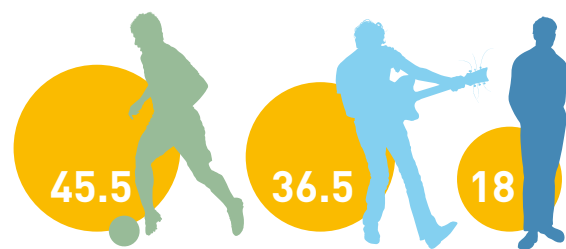
Civil status: : Married to Kjersti  
Residence: Lørenskog  
Interests: Outdoor activities  
Keen on: Sports, conditions for youngsters and people with special needs

PLAYS: Mostly Yatzy and jazz  
GRASSROOTS SHARE: Working on it



DISTRIBUTION FORMULA TO THE BENEFICIARIES IN %

DISTRIBUTED TO GOOD CAUSES IN 2009



Sports	NOK	1 558.4 mill
Culture	NOK	1 250.1 mill
Socially beneficial and humanitarian organisations	NOK	616.5 mill
Countering compulsive gaming	NOK	12.0 mill
Health and Rehabilitation from Extra game	NOK	231.9 mill
Grassroots Share - allocated by players themselves	NOK	210.9 mill

Sports

Culture

Socially beneficial and humanitarian organisations





NAME: Vidar Bøe  
IN FOCUS FOR: Named enthusiast of the year for his big commitment

## AUTHENTIC EXPERIENCES NEEDED

People growing up today need to feel a sense of achievement and to enjoy authentic experiences, says Vidar Bøe (60). "Sport is in a unique position to offer this, but the work could be even better coordinated."

The enthusiast of the year for 2009 talks forcefully about his life experiences. And his words carry weight. For more than 40 years, he has displayed a burning commitment to sports, young people and people with special needs.

"Many youngsters fill their everyday lives almost exclusively with sedentary activities in front of a PC or TV," he comments. "Another aspect of this trend is the lack of social contact with "real" people. Young people need arenas to engage with each other – whether out in the countryside, in a sports hall or in a neighbourhood centre. In my view, physical activity also has a lot to say for the way we tackle life at the mental level. It teaches you to win and lose, provides relaxation and a sense of community, gives you motivation and offers pleasure and a sense of achievement through the results."

Bøe himself has had some tough experiences in life. He lost both his son and his brother without warning. Sport helped him to deal with the unhappy times.

"Physical activity became a kind of symbolic cure of pills for me," he says. "It helped me to get my thoughts back into balance, and not least to find an outlet for my feelings. Clearly, sport has a positive effect of that kind for everyone."

### Closer collaboration missing

The question of how local communities can help to create good conditions for children's growth is one to which Bøe will be devoting even more time in the future.

"When I say coordination can be improved, I mean that more of those who influence children's lives must talk together. Parents, teachers and coaches must have a shared understanding of the way a sports club should be run and what rules apply in different contexts."

He believes that cross-disciplinary collaboration at the local level will provide a stronger set of shared values to which everyone can work.

"Today, for instance, an orienteering club and a football team can be run on completely different principles. The goal must be to learn best practice from each other, so that all the youngsters look forward to meeting, whether at training or, for that matter, at school. My hope is that the club closest to the child's heart will be their local one, rather than Manchester United or Liverpool."

### Warm meeting

Bøe was presented with his award as enthusiast of the year during the annual Sports Gala in January. He was first selected as one of five finalists from among more than 1 500 nominations, and then picked as the winner.

"It was an incredible surprise and honour to be nominated," he says. "And the whole setting was phenomenal. The way we were treated by the Norwegian Confederation of Sports, the Norwegian Broadcasting Corporation (NRK) and Norsk Tipping showed that this wasn't some Mickey Mouse award. The focus on enthusiasts is very good, because I'm afraid they're in the process of disappearing."

The meeting with Queen Sonja, who presented him with the prize live on TV, was also a big experience.

"We didn't say anything to each other, but the way she turned to me warmed the cockles of my heart and made me confident on the stage," Bøe reports. "It was a powerful encounter. I'd like to have taken a mountain hike alone with her. I think it would have been a very interesting conversation."

### Changed life

Daily life has not become less hectic since Bøe received his award. Travel and speaking engagements have increased, and people from all social classes contact him for various reasons.

"I'm happy with all the attention, even though there's been a good deal of stress. I wanted to use the prize in part for further travel, so that I can reach more people and talk directly to local communities. That's because real fellowship is created in the clubhouse and not in the transient media limelight."

## RETURNING BILLIONS IN PROFITS TO THE COMMUNITY

The billions of kroner made by Norsk Tipping every year are returned to good causes. This helps to ensure predictable income for non-sporting socially beneficial and humanitarian organisations, sports and culture. The company was created in 1948 because the authorities wanted to feed gaming profits back to the community.

Adding up the annual amounts distributed over more than 60 years of operation and converting the total to the current value of the krone shows that Norsk Tipping has contributed some NOK 90 billion to its beneficiaries.

Its profits were initially devoted to research and sports, but the distribution formula has been changed several times over the years. Today's beneficiaries are non-sporting socially beneficial and humanitarian organisations, sports and culture. They will collectively receive NOK 3 425 million from the 2009 profit and the company's investment fund.

### Sporting success

Sports have been a beneficiary of the company's revenues right from the start. Virtually every sporting organisation in Norway has received support from the scheme. No less than 151 new mini-pitches were built with backing from Norsk Tipping in 2009, for instance. In addition to construction finance, substantial operational grants are awarded to sporting organisations from gaming profits.

### Culture to and for the people

Norsk Tipping's funding for cultural purposes goes partly to various items in the government budget and partly to earmarked measures. Cultural items in the budget can vary from year to year, and are used to promote art and culture nationwide. The earmarked funds are largely intended to promote an interest in culture among children and young people. A total of NOK 417 million was earmarked for and allocated to these three important measures in 2009:

- Volunteer Fund
- The Cultural Rucksack
- Cultural buildings

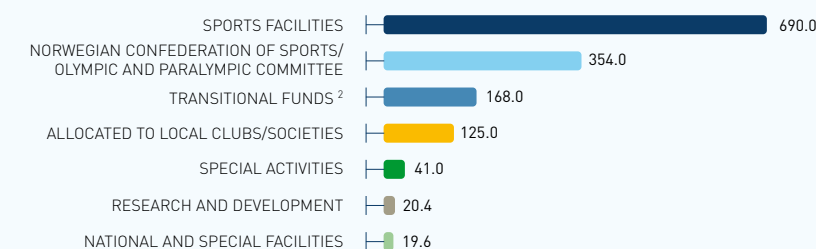
The Volunteer Fund is a grant scheme for cultural activities among children and young people. The threshold for support is intended to be low, and the scheme will help to encourage participants to make a continued commitment to their artistic endeavours.

The Cultural Rucksack aims to provide schoolchildren with wider

### VIDAR BØE'S COMMITMENT HAS WON HIM A NUMBER OF AWARDS:

- Sports manager of the year, Groruddalen, 1995
- Akershus sports prize, 1999
- Environmental prize, Lørenskog local authority, 2002
- Cultural prize, Lørenskog local authority, 2004
- Activity prize, Norwegian Directorate for Health and Social Welfare, 2006
- Volunteer of the year, Lørenskog, 2008
- Enthusiast of the year, 2009

### GAMING FUNDS ALLOCATED TO SPORTS IN 2009<sup>1</sup> (NOK MILL)



<sup>1</sup> The illustration is based on profits earned in 2008 and allocated in 2009. <sup>2</sup> Allocations to sports clubs which previously received gaming machine revenues.

access to culture. Previously confined to primary and secondary school pupils, it has also been extended on a trial basis to selected colleges of further education. The scheme allows pupils to encounter all forms of artistic expression, from music and dance to audiovisual art and theatre.

Gaming funds are earmarked for cultural buildings through a decentralised programme to support such facilities. The aim is to ensure finance for constructing regional meeting places and cultural arenas nationwide. Funds are allocated annually on a county-by-county basis by the Ministry of Culture.

#### Funding humanitarian commitments

Non-sporting socially beneficial and humanitarian organisations received support from gaming funds for the first time in 2009. This partly reflected the decision by the Storting (parliament) in 2007 to ban the private gaming machine market. Since many of these organisations had revenues from such machines, they were compensated in part through future funding via the distribution formula. Including socially beneficial and humanitarian organisations among the beneficiaries of Norsk Tipping's profits adds a new dimension to the value of the gaming funds. Major humanitarian bodies, such as the Red Cross and Save the Children, devote as much of their commitment internationally as they do nationally. The 10 largest socially beneficial and humanitarian organisations receive a predetermined percentage of the gaming funds, with the remaining amount allocated by the government to the other beneficiaries.

#### Extra for Health and Rehabilitation

In addition to its own games, Norsk Tipping has been responsible for operating the Extra game since its inception in 1996. This game is owned by the Norwegian Foundation for Health and Rehabilitation, which allocates its profits to beneficiaries. That gives hundreds of organisations the opportunity every year to implement health and rehabilitation projects nationwide. Since the game was launched, more than 4 500 projects have received support from the NOK 230-240 million available annually. Health and Rehabilitation itself estimates that about 80 per cent of these schemes would never have been implemented without the funds generated by Extra.

#### Grassroots Share – a success

The introduction of the Grassroots Share by Norsk Tipping in March marked the start of a unique concept for allocating profits to socially beneficial purposes. For the first time, players themselves were able to help determine who should receive some of the profit to which they contribute. This scheme allows players to register a team or society, which then receives five per cent of the player's gross stake without affecting either the stake or possible prizes. To be able to receive grassroots funding, the team or society must be listed in Norway's Register of Non-Profit Organisations.

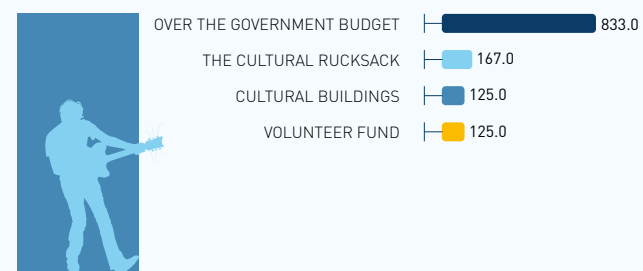
This measure has proved a success, generating more than NOK 210 million for teams and societies nationwide in 2009. At 31 December, 520 090 of Norsk Tipping's players had selected a grassroots beneficiary.

Norsk Tipping is very confident that the Grassroots Share will continue to expand substantially during 2010. At the time of writing, about 75 per cent of its customers had not decided to sign up for the scheme. And many thousands of teams and societies which are eligible for grassroots funding have yet to secure a listing in the Register of Non-Profit Organisations. From that perspective, the potential on both sides is still great. Norsk Tipping's goal of generating at least NOK 250 million through the scheme in 2010 is accordingly realistic.

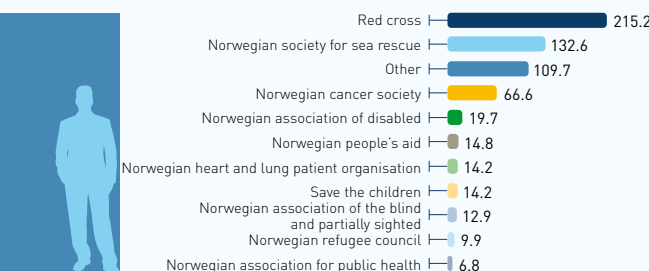
#### FACTS ABOUT THE GRASSROOTS SHARE 2009

Teams and societies listed in the Register of Non-Profit Organisations in 2009: 16 364  
 Players nominating a grassroots beneficiary in 2009: 520 090  
 Total payment to the Grassroots Share in 2009: NOK 210.9 million  
 Information on the Grassroots Share (in Norwegian only) can be found at [www.grasrotandelen.no](http://www.grasrotandelen.no)

#### GAMING FUNDS ALLOCATED TO CULTURE IN 2009<sup>1</sup> (NOK MILL)



#### GAMING FUNDS ALLOCATED TO SOCIALLY BENEFICIAL AND HUMANITARIAN ORGANISATIONS IN 2009<sup>1</sup> (NOK MILL)



<sup>1</sup> The illustration is based on profits earned in 2008 and allocated in 2009.

#### COLLABORATION AGREEMENTS

Norsk Tipping has collaboration/sponsorship agreements with a number of organisations and societies. Highlighting the company's social role is the guiding principle in selecting relevant partners.

#### Norsk Tipping and collaboration agreements

An overview of the company's agreements in 2009 is provided below.

##### NATIONAL AGREEMENTS

Football Association of Norway/Norwegian Elite Football	NOK	64 000 000
Norwegian Confederation of Sports (project oriented)	NOK	12 500 000
Norwegian Music Equipment Programme (Music Boxes)	NOK	7 500 000
The Norwegian Ice Hockey Federation	NOK	4 000 000
The Norwegian Handball Federation	NOK	3 100 000
Anti-Doping Norway (wholly financed by gaming funds)	NOK	500 000
Norwegian Athletes Organisation (player of the year in football, handball, ice hockey)	NOK	350 000
By:Larm music festival	NOK	400 000
Norwegian Band Federation	NOK	1 500 000
Norwegian Council for Music and Art Schools (incl Dream Grant)	NOK	1 700 000
<b>Total</b>	<b>NOK</b>	<b>95 550 000</b>

##### LOCAL AGREEMENTS

HamKam Elite Football	NOK	500 000
Storhamar Dragons	NOK	450 000
Elverum Music Festival	NOK	250 000
Ringsaker Opera	NOK	150 000
Viking Ship in Hamar	NOK	150 000
Rørøst Winter Chamber Music Festival	NOK	100 000
National Choir Festival in Hamar	NOK	100 000
Hamar and Hedmarken Trekking Association	NOK	80 000
Løten Orienteering Club	NOK	50 000
Elverum Handball Men	NOK	100 000
Storhamar Handball Women	NOK	100 000
East Norwegian Sports Shooting Society	NOK	50 000
Fart Football Club, Women	NOK	50 000
Hamar Sports Club, swimming	NOK	50 000
AnJazz	NOK	100 000
Hamar Music Festival	NOK	150 000
Norwegian Athletics Championship (Lillehammer)	NOK	30 000
Trønder Sports Gala	NOK	60 000
Local support advertising	NOK	300 000
<b>Total</b>	<b>NOK</b>	<b>2 820 000</b>

Norsk Tipping leases a box at the Norwegian National Opera & Ballet at an annual cost of NOK 1 300 000. The box is used for meetings. The company is also a co-organiser of the Sports Gala together with the Norwegian Broadcasting Corporation and the Norwegian Confederation of Sports, and pays NOK 2 300 000 for this. A new collaboration agreement with the football association was concluded in February for the 2009-13 period. It has been resolved to evaluate the agreement as part of the cost/benefit project, and both internal and external reviews are due to be conducted during 2010.

#### Promotional responsibility

Norsk Tipping has pursued several exciting promotional projects with some of its largest partners in recent years. These projects are intended to highlight that the company goes further than most other game providers in terms of responsible behaviour and clear social responsibility. An extensive collaboration called Fair Play has been pursued with both the Norwegian Handball Federation and the Football Association of Norway, for instance. Ownership of this scheme rests with the sports themselves, but Norsk Tipping's role as a sponsor and partner makes the work possible. It has led, for instance, to special Fair Play programmes in both football and handball which focus attention on various challenges in these sports. A similar collaboration is also being developed with the Norwegian Band Federation. Called Born to Play, this values-based programme builds on the principles underlying Fair Play. The goal is that the Federation and each band will be characterised by the pleasure of playing, fellowship and diversity. Through this kind of work on values and attitudes, Norsk Tipping wants to show that it can exercise a clear and important social responsibility through its sponsorships, over and above what can be measured in monetary terms.

#### Give dreams a chance

In collaboration with the Norwegian Council for Music and Art Schools, Norsk Tipping awarded the Dream Grant for the sixth time this year. One hundred grants of NOK 10 000 each are awarded to individuals or groups under the age of 20 who are yet to become established artists. The aim is to provide young cultural performers with the opportunity and motivation to continue developing their talent. Applications for the grants reflect a great and exciting diversity of cultural expression among children and young people, and demonstrating its big commitment to Norwegian cultural life through this type of activity is important for Norsk Tipping. In addition, the Dream Grant supports the company's vision of "We give the dream a chance".

#### Music Boxes

The installation of Music Boxes has provided Norsk Tipping with a new arena for promotion. Worth NOK 10 million, this venture is a collaboration with the Norwegian Musical Equipment Programme. Music Boxes are mobile, sound-insulated practice venues for children and young people.

A hundred new boxes are due to be installed nationwide over the next four years. Norsk Tipping regards this collaboration as a great way of highlighting that a large proportion of its annual profit is devoted to various cultural purposes.

#### DREAM GRANT

A collaboration between Norsk Tipping and the Norwegian Council for Music and Art Schools  
 The Dream Grant has been awarded annually since 2004  
 A total of 600 young artists/groups have received grants of NOK 10 000 each  
 NOK 6 million has been allocated  
 The Dream Grant has its own website (Norwegian only) at [www.drommestipendet.no](http://www.drommestipendet.no)

A FUTURE WITH OPPORTUNITIES. ENSURING THAT STRONGER ATTENTION IS PAID TO THE CUSTOMER IS ONE OF THE MOTIVES FOR THE ORGANISATIONAL CHANGES IMPLEMENTED BY NORSK TIPPING IN 2009.



## KJERSTI LANGSETH

EMPLOYER: Norsk Tipping  
JOB: Manager, ICT operations centre

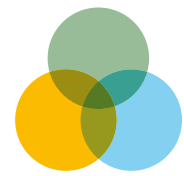
Civil status: Married  
Residence: Detached home on pleasant estate close to the office  
Interests: All sports, family and keeping active  
Keen on: Artificial ice rink at the local sports arena

PLAYS: Lotto, Joker, Keno and Langoddsen  
GRASSROOTS SHARE: Hamar Sports Club

STRATEGIC GOALS FOR 2012

**NOK 4 bn**

FOR SOCIALLY BENEFICIAL CAUSES



TRUST/RENEWAL/PERFORMANCE

**2 000 000**

PLAYERS BY 2012



NAME: Kjersti Langseth  
IN FOCUS FOR: Believes in a future with opportunities after the reorganisation

## AWARENESS OF VALUES IS IMPORTANT

**Kjersti Langseth joined Norsk Tipping in 1998 to work on user support. She is currently in charge of 23 IT staff, and really enjoys the responsibility.**

"The move from training employees in using the IT system to managing the people responsible for day-to-day operation of the gaming system is a big leap," Langseth says with a laugh. "This shows that Norsk Tipping is a place where you're given exciting opportunities. That helps you to grow, and I greatly appreciate it. Norsk Tipping is also an attractive high-tech company, so it suits a nerd like me."

### Everything goes quicker

The former handball goalkeeper is used to keeping a lot of balls in the air. She has served three terms as a worker director of Norsk Tipping, and has seen at close hand how the company has changed over the years.

"Everything goes quicker today, challenging demands are made and our business faces more competition. I've experienced that development both as an employee and as a worker director. The volume of work has also increased. Staffing has certainly grown by more than 100 since I started here."

### Values for development

"It's worth taking a closer look at our values and the way we're required to work," Langseth observes. "Many people might believe that this question of values is a little diffuse, particularly those like me who'd prefer to have everything in a formula which yields a result underlined twice. But I believe a conscious attitude to our values can develop us as employees. It'll naturally take a little time before this is completely integrated in our daily lives, but I'm finding that the new values and our new cultural platform are now being entrenched in the organisation."

Langseth and her department had a busy year in 2009. Apart from being ICT manager, she is in charge of emergency response to IT incidents. The company was hit during the autumn by two serious computer faults which meant that thousands of players failed to receive their games. The working day was stretched to its utmost, and Lang-

seth needed all the competitive instinct she acquired on the handball court.

### Important year in 2010

"My department and I undoubtedly have something in common. We don't want anything to go wrong, of course, but when it does we all want to be in the forefront of fixing it. This shows we have a sense of solidarity and a commitment to perform. That's appropriate for a sports fanatic like me."

Performance is also needed in 2010. Much of the foundation for the further development of Norsk Tipping will be laid during the year. The technological infrastructure is to be readied for new games and services.

"This'll be the most important IT year at Norsk Tipping for a long time," Langseth acknowledges. "We going to introduce a new technological engine for the number games before launching a similar process for the sports games. This is about a comprehensive and exciting boost on the IT side, and a matter of major technological changes."

## NEW ORGANISATIONAL MODEL

Norsk Tipping implemented an extensive restructuring of the company in 2009. This was done to meet society's expectations of transparency around the business, achieve efficient operation which yields bigger profits for good causes, and develop a more customer-oriented range of games. The goal is to provide NOK 4 billion for good causes from at least two million players in 2012.

### A clearer organisation

Even greater attention will be paid to customers in the revised organisation. Its new structure has clear functional areas and profit targets. More profit centres than before are responsible for revenues and costs. The new organisation embraces eight departments (see the diagram below). Each of these is split into several units.

### New values platform and management principles

In connection with the restructuring, work also began on creating a new values platform and management principles. The whole workforce was involved in this process. The values platform will reflect the company's social role and provide the motivation required for it to meet its ambition: "Through a responsible and attractive range of games, we will generate NOK 4 billion for good causes from at least two million players in 2010."

The new management principles derive from the values platform and provide clear signals about the characteristics of management in Norsk Tipping. Managers will serve as role models by practising openness, being clear and thinking in an integrated way. These principles will help to concentrate all energy in the organisation on reaching the goals in the strategic plan for 2010-12.

### THREE FOCUS AREAS

The strategy plan, which was revised in 2009, gives great emphasis to clarity, measurability and being specific. It has three priority areas: trust, renewal and performance.

#### Trust

Responsible gaming is the very foundation for Norsk Tipping's operations. Developing and offering responsible games with the smallest possible unfortunate effects in the form of compulsive gaming will strengthen society's trust in it as a responsible and aggressive gaming company.

#### Renewal

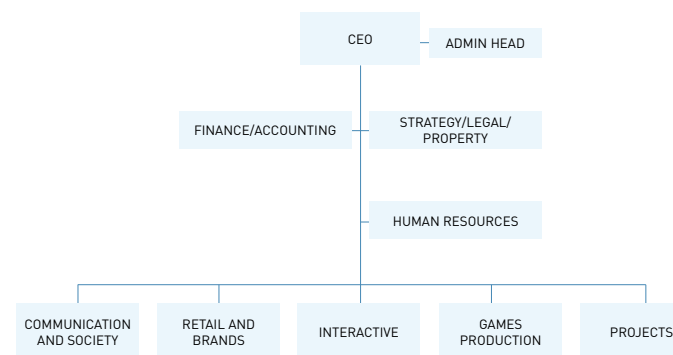
The Norwegian money game market is changing sharply. To safeguard its competitiveness, Norsk Tipping needs to renew its products and services, adopt novel forms of and arenas for gaming, and apply modes of communication which allow the company to meet diverse customer expectations and needs in the future.

#### Performance

The principal strategy is directed at improving the ability to perform and ensuring an efficient organisation. The aim is to create the best possible motivation and to inspire expertise development and performance in order to secure the largest possible profits for good causes.

A comprehensive efficiency analysis conducted in 2009 will lead overall to savings of NOK 100 million. This was executed as a cost/benefit project, with the various working parties reviewing payroll costs, the use of consultants and external procurement, marketing, promotion and sponsorship. The company also reviewed costs related to channels and distribution (the Internet), as well as ownership of and interfaces with subsidiaries. Substantial energy and resources were devoted to internal processes related to the cost analysis and organisation.

The strategic plan summarises the company's principal priorities, and thereby forms the basis for action and activity plans in the departments.



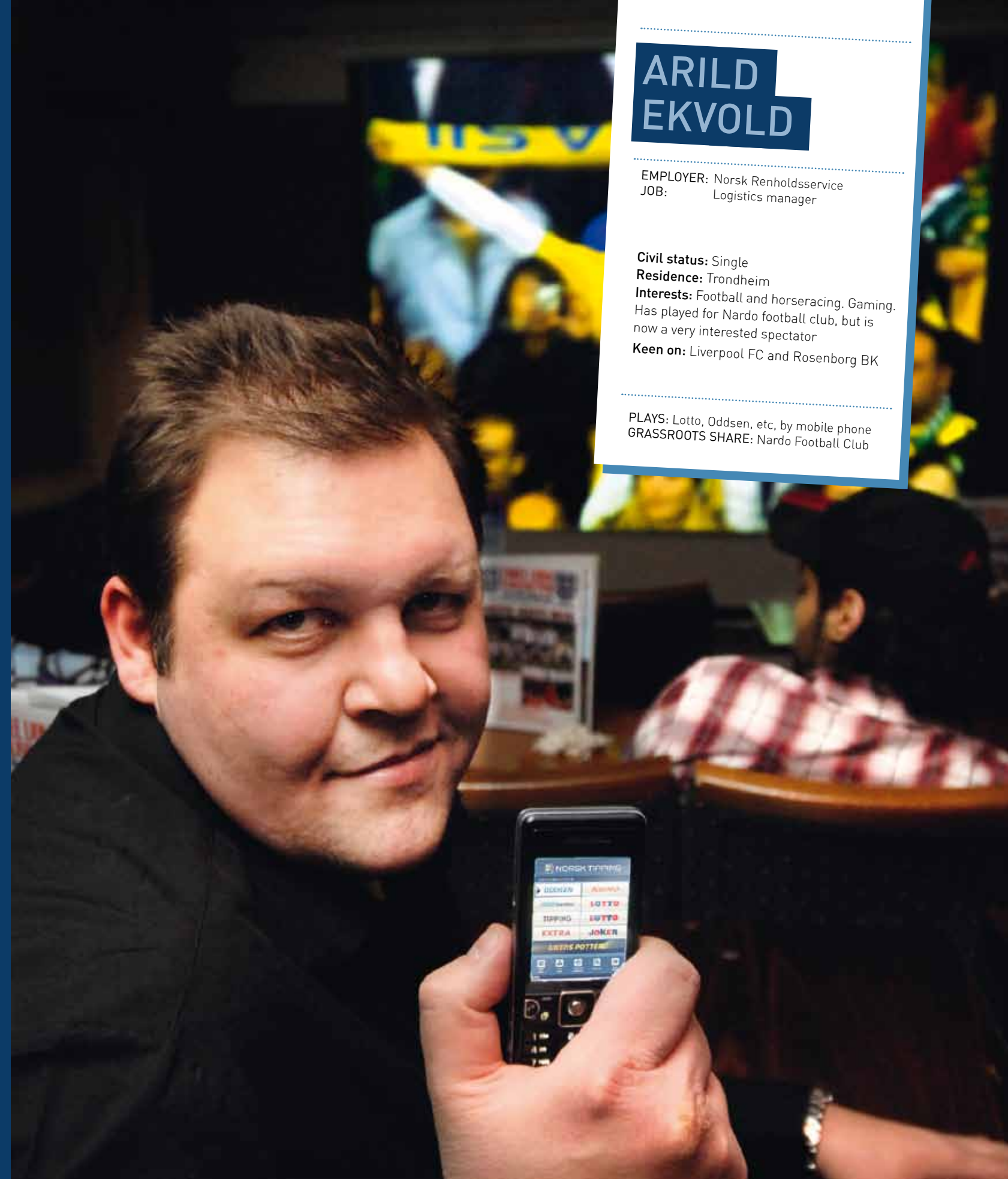
RENEWAL AND CUSTOMER ORIENTATION.  
NORSK TIPPING'S TURNOVER FROM GAMES  
VIA THE INTERNET AND MOBILE PHONES  
TOTALLED NOK 1.2 BILLION IN 2009.  
INCREASED ACCESSIBILITY AND GREATER  
EMPHASIS ON RESPONSIBILITY GO  
HAND-IN-HAND.

**ARILD  
EKVOLD**

EMPLOYER: Norsk Renholdsservice  
JOB: Logistics manager

Civil status: Single  
Residence: Trondheim  
Interests: Football and horseracing. Gaming.  
Has played for Nardo football club, but is  
now a very interested spectator  
Keen on: Liverpool FC and Rosenborg BK

PLAYS: Lotto, Oddsen, etc, by mobile phone  
GRASSROOTS SHARE: Nardo Football Club



RENEWAL

CUSTOMER ORIENTATION

240 000

NEW CUSTOMERS

349 000

CUSTOMER CALLS



EXPERIENCE OF  
\* 80-100 = VERY SATISFIED

85\*

CUSTOMER SERVICE



NAME: Arild Ekvold  
IN FOCUS FOR: Playing by mobile phone

## EASY WITH A MOBILE

### Norsk Tipping Annual and social report

**Playing by mobile is quick and simple, says Arild Ekvold from Trondheim. "It's easier than popping into a kiosk to buy a game," he says, as one of more than 10 000 Norwegians who play this way every week.**

The 35-year-old belongs to a growing group of people who use their mobiles to deliver games to Norsk Tipping.

Over the past year, more than 30 000 customers played the company's games through the mobile channel. Roughly 10 000 people did so every week – twice as many as in 2008.

#### Football is fun

Ekvold began delivering games by mobile in 2008. "I used to go to a retailer. I use the web occasionally, but the mobile is the easiest option because I've always got it with me."

He mainly plays Langoddsen and the football pools. "That's because I find football fun, but I sometimes play Lotto or Keno as well."

Ekvold works as the logistics manager at cleaning company Norsk Renholdsservice in Trondheim.

#### Liverpool and Rosenborg

"We have a pools syndicate at work which plays a little," he explains. "There's a good deal of talk about football in the breaks."

Football is also a topic of leisure-time conversation with his friends. A number of these also play games with the aid of their mobiles. Afterwards, they discuss the outcomes.

"I like films and music, but football and gaming are my main interests," Ekvold says. "My favourite team in Norway is naturally [Trondheim's] Rosenborg. But Liverpool has been the club closest to my heart since I played as a boy for Nardo football club in Trondheim during the 1980s."

To keep abreast of developments with teams and players, he subscribes to the football magazine Tips.

#### Occasional big win

"I think it's fun to know as much as possible about the teams I put my money on," he observes. "The most enjoyable experience is betting on the Premier League games."

Despite keeping abreast of most of the details about injuries and the form of the teams, Ekvold seldom has a big win.

"The major prizes have evaded me. I win some, but make a loss overall. It's usually always one of the teams who're thought to be the best who lose."

Statistics show that mobile phone customers play more frequently and for more money than those who buy games in other ways.

#### Hobby

"That's probably true," Ekvold admits. "I probably wouldn't have played quite so often if it hadn't been so easy to do it by mobile."

He has not calculated how much he spends on gaming, but says the sums involved are not large.

"I generally play every day, but the amounts are modest and I'm in no way gambling-mad," he says, and talks about a friend who stopped playing completely after working out how much he spent on it.

"I don't want to calculate the amount I devote to gaming because I think it's fun to take part and experience the excitement. I spend little on other hobbies, so I choose to indulge myself here." He breaks off to wonder whether he should follow his heart or his head with Liverpool's game on the football pool coupon.

## RENEWAL IN EVERY CHANNEL

To meet customer expectations and competition for international game providers, Norsk Tipping is committed to self-renewal. Increased accessibility goes hand-in-hand with a great emphasis on responsibility.

#### Mobile gaming

An average of 10 000 customers per week used mobile phones to deliver Norsk Tipping's games in 2009. That was double the number for the year before.

Turnover via the mobile channel came to just under NOK 143 million, up by more than 71 per cent from NOK 84 million in 2008.

All Norsk Tipping's games, with the exception of Flax and the Multix products, became available through the mobile channel in 2009.

Roughly 30 000 customers in all delivered games via the mobile channel in 2009. The oldest was 92.

A survey conducted in the first quarter of 2009 showed that customers using mobiles spent 26 per cent more than they had done earlier through other channels. They also played more frequently than before.

All in all, the mobile channel made good progress in 2009 and is expected to achieve further growth in 2010.

#### Internet

A growing number of Norwegians are using the Internet to deliver games. Customers played for about NOK 1.1 billion on the company's website in 2009, up by 33 per cent from the year before.

The Internet now accounts for roughly 11 per cent of total games

turnover for Norsk Tipping, compared with just under 8.6 per cent in 2008. A total of 232 000 people played one or more times on the Norsk Tipping website in 2009, representing an increase of more than 60 000 players from the year before.

A marked increase in the number of customers playing games of chance such as Lotto on the Internet was recorded in 2009. This channel had previously been dominated by sports game players.

The commitment to electronic channels is an expression of Norsk Tipping's desire to be accessible, not least in order to channel new customer groups to its games. With a responsibility regime as its platform, the company wants to make a clearer commitment to interactive games. The increased accessibility conferred by the electronic channels, which allow a player to deliver games without having to deal with other people, is a challenge for a company which emphasises responsibility. The channel is closed to play between 24.00 and 07.00, an age limit of 18 applies, and the daily spending limit per channel is NOK 10 000. Further responsibility measures are due to be introduced by the channel during 2010 and 2011. Norsk Tipping is adopting limits in 2010 which will apply to all games delivered to retailers. These limits are being introduced primarily for commercially critical reasons. The limit on spending is NOK 40 000 per day, NOK 100 000 per week, NOK 300 000 per month and NOK 1 million per year. A daily limit of NOK 10 000 already applies to games delivered via electronic channels, and Multix has loss ceilings of NOK 400 per day and NOK 2 200 per month.

WEB GAMING	2009	2008	Diff	Percentage change		
Population over 18	100.0%	3 695 771	100.0%	3 637 892	57 879	1.6%
People playing on the web in 2009	9.4%	347 965	8.5%	307 521	40 444	13.2%
Unique players at norsk-tipping.no in 2009	6.3%	231 643	4.6%	169 018	62 625	37.1%

**Web partners**

A pilot project conducted with web partners in 2009 involved allowing players to deliver Norsk Tipping's games via websites operated by Turbotipp, Radsoft, TV2, Dagbladet, Nettavisen, MSN and others. This project has been completed, and work is underway on formalising the scheme.

Turnover by web partners totalled NOK 127 million, and NOK 5 million was paid in commission. Expectations for 2010 are a total turnover of about NOK 140 million via these partners.

**Retailers**

The retailer channel had a turnover of NOK 9 646 million in 2009, compared with NOK 9 655 million the year before – a decline of NOK 9 million.

At 31 December, Norsk Tipping had 4 038 retailers. The company paid about 25 000 visits to these outlets for quality checks and follow-up as well as to identify new venue operators for Multix. At the same time, turnover is shifting away from traditional convenience stores/kiosks to grocery stores. This is a commercial trend the company has witnessed over several years, but which was more marked during 2009 in the wake of the financial crisis. Turnover declined via traditional convenience stores by NOK 213 million (4.1 per cent), and increased through grocery stores (including Gaming at the Checkout) by NOK 243 million (5.5 per cent). Norsk Tipping expects this trend to continue in the years to come, in part through the further development of Gaming at the Checkout.

The goal for 2009 was to appoint 12 new retailers in outlying districts through the Merkur programme run by the Ministry of Local Government and Regional Development. That target was met.

Three types of game package were launched in 2009 on retailer terminals in 2009. This offer to both retailers and players simplifies the transaction when several games are purchased simultaneously.

**Responsible gaming course for retailers**

All retailers are due to take an e-learning course in responsible gaming. The target for 2009 was that all new retailers, including those with a change of ownership, were to complete the course. Of 298 in this category, 264 have passed. The remaining 34 have failed to

**RETAILERS PER UMBRELLA CHAIN**

Umbrella chain	Retailers
NorgesGruppen	1683
Reitan Gruppen	760
COOP	671
ICA Norge AS	448
Other convenience stores	209
Statoil	52
Esso	45
BK-Gruppen – Gyda	42
Shell	24
Other grocery stores	16
Select Service Partner	9
Best	7
Other	72
	<b>4038</b>

pass or to take the course for various reasons. Responsible gaming is a priority area for 2010, and this work will be strengthened with the retailers in the time to come. Responsible gaming is also a key topic in the retailer training conducted at Norsk Tipping's premises. In addition to a specific section on responsible gaming, emphasis is given to integrating this subject throughout the course.

**Gaming at the Checkout**

Over-the-counter sales are by far the most important distribution channel for games. Developments in the retail sector are accordingly important for participants in the gaming market. The trend is for sales to shift from convenience stores/kiosks to grocery stores. This represents a challenge for Norsk Tipping since games turnover per retailer is much higher in convenience stores than in grocery stores.

In order to be able to offer even more customer-friendly solutions, Norsk Tipping has adopted a new concept for in-store sales of games.

TURNOVER BY CHANNEL (NOK MILLION)	2008	2009	Change
Retailers	9 655	9 646	-9
Internet	828	1 099	270
Mobile phones	84	143	60
Multix	11	1 664	1 653
Gaming at the Checkout	0	22	22
<b>TOTAL</b>	<b>10 579</b>	<b>12 575</b>	<b>1 996</b>

PRIZE INFORMATION	No of prizes paid	Average prize per player	Average size of prize
Lotto	6 892 062	4.0	NOK 273
Viking Lotto	8 576 074	6.5	NOK 101
Joker	3 470 717	2.7	NOK 118
Extra	1 728 129	2.2	NOK 275
Keno	6 958 246	36.1	NOK 29
Flax	9 638 952	10.6	NOK 54
Tipping	4 513 876	14.4	NOK 88
Oddsens	1 805 479	8.3	NOK 585

The company launched its Gaming at the Checkout concept in 2009. This allows people to buy game coupons at the grocery store's till together with their other purchases. The aim is to reach new customer groups who do not normally take the time to go to a retailer.

The Ministry of Culture approved the concept in February 2009.

At 31 December, 404 REMA 1000 stores offered this sales solution and about 104 000 customers had delivered with its aid. Total turnover in 2009 was NOK 25.5 million. Gaming at the Checkout has so far had little negative effect on regular retailer sales. The offer appears to hit home with younger customers, and is also attractive for people who play sporadically.

Gaming at the checkout is due to be implemented at a total of 471 REMA 1000 stores by 31 March 2010.

Because this solution suits the sales concept in low-price chains, it has been well received by the stores.

**Multix**

Multix moved in 2009 from the pilot phase to normal commercial operation. The social report for 2007 described the introduction of these games as the biggest reputational challenge in the company's history. At 31 December 2009, Norsk Tipping could record that it had succeeded in regulating the gaming machine market in a satisfactory manner. Criticism of the new interactive video terminals (IVTs) was primarily voiced before their roll-out.

Installing 4 500 IVTs during 2009 was the goal formulated in last year's report. A new business plan prepared during the first half-year, based on experience during this period, reduced the target to 2 940 IVTs. The actual figure was 1 851, or 34 per cent fewer than the original plan. This is because the company has installed fewer IVTs per venue operator, and because of a delayed start to rolling them out beyond the existing retailer network. Interest among potential venue operators in accepting the IVTs was lower than expected.

About 85 000 unique users tried playing Multix in 2009. No player is permitted to lose more than NOK 400 per day or NOK 2 200 per month. About 20 per cent of players reach these limits or come close to them every month. The strict regulation of stakes and playing time helps to ensure that the Multix games make a very limited contribution to problem gaming, according to figures from the Helpline.

Net turnover came to NOK 156 million, NOK 27 million below budget. Developments in the autumn of 2009 show that the products are making very good progress. The goal is to install 1 100 new IVTs during 2010, and to develop eight to 10 new Multix games.

Of the 900 active venue operators, 771 had completed the course on responsible gaming by 1 February 2010.

**Bingo machine takeover**

The Ministry of Culture has resolved that all bingo machines will be prohibited from 1 April 2010, and that Norsk Tipping will introduce an alternative for this market.

MULTIX – NEW GAME OFFER	Attained 2009	Budget 2009	Variance
Player base (last 13 weeks)	54 288	150 000	- 95712
Gross turnover	1 664 MNOK	1 830 MNOK	- 166 MNOK
Net turnover (cashbox)	156 MNOK	183 MNOK	- 27 MNOK
Average cashbox per IVT per day	323	300	23
Number of IVTs	1 851	2 900	- 1 049
Number of venue operators	917	1 300	- 383

**Visible in social media**

Norsk Tipping is working to create a dialogue with customers in many areas and platforms. It established a company page on Facebook in September 2009 in order to have a presence in an arena which facilitates dialogue between and with customers. Social media represent a new and different communication platform, and Norsk Tipping's presence in them is under constant development.

**Extranet**

www.tippetorget.no is Norsk Tipping's extranet for communication with its retailers. This site provides the latter with the latest information on campaigns and chain-based activities, and with updated sales figures for their business. It can also be used to take various e-learning courses related to Norsk Tipping's products and services.

The extranet was launched for all retailers in April 2009, and about 2 500 users had visited the site by 31 December. The goal for 2009 was 2 300 users.

Access to the extranet will also be extended to the chain and umbrella chain level in 2010 and to independent venue operators of Multix IVTs. The goal for the year is 2 000 new users.

**Dialogue with customers**

The customer service centre comprises 37 customer advisors, who received more than 349 000 calls in 2009. That represented an increase of 17 per cent from 2008, and largely reflects the introduction of mandatory player registration, the Grassroots Share and the roll-out of the IVTs. Customer advisors also made about 40 000 calls to retailers, in part to follow up sales targets. That also represents an increase of almost 13 per cent from 2008.

About half the calls to the centre came from retailers. The average response time – how long it takes for a call to be answered – was 21 seconds in 2009 (2008: 20 seconds). The average length of retailer calls was 1.57 minutes (2008: 1.51 minutes). An immediate solution was found to 91.4 per cent of calls, unchanged from 2008.

**240 000 NEW CUSTOMERS IN 2009**

Norsk Tipping secured 240 000 new customers in 2009. This figure includes people who were not registered earlier and former customers who returned less than 42 months after their previous player card was registered. That represents an average of 4 500 customers every week. Norsk Tipping has 1 920 881 customers in all.

The largest number of new customers reflected the big prize pots for Viking Lotto and Lotto, and the introduction of mandatory player registration on 23 February.

**PLAYER BASE INCREASED**

The player base is an expression for the proportion of people in the customer base who have played once or more during the previous 13 weeks. Developments have been positive. The player base was 73 per cent in the spring of 2009, and 80 per cent at 31 December. This increase reflects substantially bigger pots in Viking Lotto and Lotto, as well as the introduction of mandatory player registration. The goal for 2010 is a player base of 80 per cent.

**Top-class service**

This performance has been achieved through purposeful efforts over a number of years to build expertise. The figures explain why Norsk Tipping's players and retailers are very satisfied with the service received. Service is measured by customer service experience (CSE), where players and retailers are asked a number of questions after they have been in contact with the service centre, and rate a number of aspects. The maximum score is 100. A result between 60 and 70 is characterised as "indifferent", 70-80 is "good" and over 80 "very good".

The average CSE score in 2009 was 85 (2008: 83.5), which is well above the company's target of 80. According to the Norwegian Customer Satisfaction Barometer, this represents a very strong result.

**CUSTOMER SATISFACTION WITH THE SERVICE CENTRE**

	Retailers	Players	Total
Customer service experience (CSE)*	85	85	85
Phone service (% calls answered in 20 sec)	72.9	68.8	71.1
Average waiting time	20 sec	23 sec	21 sec
Average length of call	1 min 57 sec	2 min 50 sec	2 min 19 sec
E-mail service (% answered in 2 hours)			96.4
Average waiting time			31 min 25 sec
Issues resolved on first call			91.4%

\* (80-100 = very satisfied, 70-79 = satisfied, 60-69 = neither satisfied nor dissatisfied, <-60 = dissatisfied)

**Must recruit the young**

Norsk Tipping's largest customer category is aged between 50-65 years. The average age has increased steadily in recent years. Among the under-50s, the proportion of non-players has risen sharply since 2005. Two explanatory factors are the lack of product development and the negative attention given to money games in the public debate.

The company has worked to identify what must be done to attract younger age groups. Surveys show that most of its games are not sufficiently attractive to people aged from 20-40. One conclusion is that, if Norsk Tipping is to reach its goal of allocating NOK 4 billion to good causes in 2012, it must make a commitment to attracting younger players.

**Increased marketing**

Norsk Tipping's spending on market communication increased by about 14 per cent, from NOK 178 million in 2008 to NOK 204 million. This rise partly reflects communication of large pots in Viking Lotto and Gull-Lotto, and partly the introduction of player registration and the Grassroots Share. Norsk Tipping ranked as the sixth largest advertiser in Norway during 2009.

By comparison, the company's competitors increased their marketing spend in Norway by 26 per cent (according to Nielsen advertising statistics – gross media turnover excluding the Internet and direct marketing).

Activities related to the lucky-number pots in Viking Lotto and Gull-Lotto were very important for sales in 2009. The same applied to BilFlax and the Lotto Festival.

Two of Norsk Tipping's advertising films won Silver Fish awards in 2009 – the Sunbeam film for Flax in February and The Telephone for Lotto in July. They were included in the final for the Goldfish award, the annual competition for the best Norwegian advertising films seen on the TV2 channel. The Telephone was one of the top three finalists.

**Comments on marketing activities**

Norsk Tipping places great emphasis in complying with the guidelines for marketing state-owned regulated money games. The company has also formulated its own guidelines for this activity. Generally speaking, strict restrictions apply to marketing money games. In connection with work on the gaming machine reform in 2004, the Ministry of Culture issued an instruction which forbade the marketing of Norsk Tipping's products in this area. An advertisement published in 2009 was sharply criticised by the interest organisations involved with compulsive gaming. They perceived the ad as a marketing of Multix. Norsk Tipping maintained that the purpose of the advert was to convey the news that the Grassroots Share had also been extended to the Multix games from July. The criticism of the advert caused it to be withdrawn, and Norsk Tipping apologised for the form it had taken.

The Norwegian Gaming Board is responsible for monitoring that marketing and communication comply with the guidelines. It distinguishes between non-conformances and comments. The former represent breaches of the law. Comments relate to aspects which are not illegal, but which the board considers undesirable. The board's report for the second half of 2008 identified two non-conformances in connection with the general marketing of the company and the advertising campaign for the Grassroots Share. In both cases, minors featured in adverts. The guidelines state that minors must not be used in the marketing of games.

In its comment on the Gaming Board's report, the Ministry of Culture observed: "the identified marketing is not related to individual games in the company's portfolio, and lies in the borderland for the scope of the guidelines".

The Gaming Board had no comments in its report for the first half of 2009. The report for the second half will be published in the spring of 2010, and covered in the social report for 2010.





**RESPONSIBLE GAMING.** IT IS POSSIBLE TO BE RESPONSIBLE AND ATTRACTIVE AT THE SAME TIME. THAT IS NORSK TIPPING'S PRINCIPAL JOB.

# LILL-TOVE BERGMO

**EMPLOYER:** Studying office and administration subjects  
**JOB:** Founder and chair, Relatives of Problem Players (PTS)

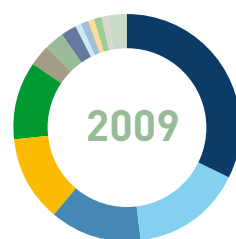
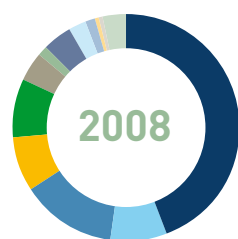
**Civil status:** Married, one daughter (9), one son (13)

**Residence:** Lyngen in Troms

**Keen on:** PTS, naturally. And camping

**PLAYS:** Har ikke spillerkort. Men mannen spiller for oss begge.  
**GRASSROOTS SHARE:** When husband's plans materialise, will go to the senior citizen dance club in Lyngen.

## MAIN PROBLEM GAMES



- POKER
- BINGO MACHINES
- BETTING
- HORSE BETTING
- CASINO GAMES (WEB)
- OTHER MONEY GAMES
- LOTTO / EXTRA / KENO
- TRADITIONAL BINGO
- SLOT MACHINES
- FOOTBALL POOLS
- SCRATCH CARDS
- IVTS (MULTIX)
- UNCERTAIN/WOULD NOT SAY
- NOT THE ISSUE

CALLS TO THE HELPLINE





NAVN:  
IN FOCUS FOR: Lill-Tove Bergmo  
Chair of Relatives of  
Problem Gamers

## NORSK TIPPING IS UNJUSTLY CRITICISED

As founder and chair of the Relatives of Problem Gamers (PTS) association, Lill Tove Bergmo sometimes has to criticise Norsk Tipping. And she does that with the plain speaking typical of north Norwegians.

*Does this mean that you doubt the company when it claims to be a responsible gaming business?*

Oh no, I believe it. I undoubtedly react negatively to its advertising at times, and I'm generally sceptical about new games. At the same time, I feel Norsk Tipping listens to us as the representative of people with gaming problems. And I'm just as concerned as Norsk Tipping that Lotto players are dying out. After all, what would happen if the company's traditional games were phased out?

*What do you think would happen?*

It could be a worrying development. Foreign competitors may take over. PTS wants to retain the monopoly and a strong Norsk Tipping. Clear limits, orderly behaviour and openness are characteristics of a state-owned company, and it's easier to influence. I think what's happened with regard to the Auditor-General's report illustrates that.

*You say you're sceptical about new games. Norsk Tipping often talks about renewing its games and "channelling" players to its products. What does PTS think about the company's desire to attract new young players?*

I'll admit that it's taken me a little time to grasp that this is necessary. We must accept that people, and not least the young, will continue gaming regardless of what happens to the monopoly. The digital development will continue, so it's important that Norsk Tipping manages to make itself attractive to new generations of players. But I appreciate that striking a balance between being attractive and being responsible is difficult. It wouldn't be good if the average age of Norsk Tipping's players became too high. The company would then have to develop new products, and it's not given that these would be as good. At the same time, novel games must be created which attract young

players away from the Internet. It's not simple, that's for sure, but I believe Norsk Tipping when it says that responsibility will be the baseline.

*When you meet people and other relatives of problem players, do they understand what you're saying here?*

By no means always. Many are very sceptical and negative about anything to do with money games. And many believe that Norsk Tipping is responsible for all the games on the market and thereby for all the associated problems. Norsk Tipping undoubtedly comes in for a lot of unjust criticism as a result. I try to get across that the company is the only games provider which listens to an association like ours, and that we face the choice of supporting what we have or opening the door to less responsible competitors who won't pay any attention to us.

## RESPONSIBLE GAMING

Its possession of an exclusive right commits Norsk Tipping to take account of considerations which commercial foreign games providers can ignore. The company's social role accordingly rests on three cornerstones: responsible games, attractive games, and contributing a profit to good causes.

Some people might consider it a contradiction in terms to be both responsible and attractive at the same time, and for the profits of the business to provide the largest possible amounts to the benefit of culture, sports and non-sporting socially beneficial and humanitarian organisations. Norsk Tipping takes it for granted that responsible gaming will always be the foundation for its whole business, and for the development of its products, services and communication measures.

Norsk Tipping's work with responsibility builds on national and international research and knowledge, in addition to the in-house lessons provided by its own large and detailed database. In developing the responsibility tools incorporated in the new interactive video terminals (IVTs), the company sought the advice of two of the leading experts in problems related to gaming – professors Mark Griffiths and Richard Wood at Nottingham Trent University in the UK. It also drew on Sweden's Gaming Institute (Spelinstitutet), which has specialised in providing advice on responsible gaming to state-owned regulated gaming companies. Norsk Tipping's responsibility policy helps to define the framework for fulfilling the requirements for responsible games. Through this policy, the company contributes to developing the gaming market in a socio-politically acceptable direction, which accords with society's expectations of the way money games should be regulated in the Norwegian market.

### Accepting responsibility at every stage

Norsk Tipping's responsibility policy was adopted by the company's board on 19 May. This policy has been developed in part on the basis of European and international (European Lotteries and the World Lottery Association) frameworks for responsible gaming. It embraces the company's products, services and communication at every stage from development to implementation. A number of measures have already been initiated, such as limits and behavioural tools on the new IVTs. The introduction of an age limit of 18, limits for sales and personal spending, and behavioural tools for other games will be implemented during 2010. The goal of establishing performance indicators for responsible gaming was not met in 2009.

### Players take control

One of the measures in the responsibility policy is to provide players with tools which give them oversight and control so that they can maintain a healthy relationship with games. Experts on compulsive gaming recommend that players themselves take responsibility by setting limits for the amount of time and money they want to devote to their gaming. Players will also be offered an analysis tool which provides a good understanding of their own gaming habits. If players develop

### BASIC PRINCIPLES OF THE RESPONSIBILITY POLICY

Norsk Tipping will administer games securely and safely  
 Norsk Tipping will identify risk elements in its games, services and modes of distribution, and apply corrective measures to create a responsible range of games  
 Norsk Tipping will facilitate players taking control of their own gaming activity and pursuing healthy playing behaviour  
 Norsk Tipping's marketing of game products will not be misleading or encourage anyone to stake more than they can afford  
 Norsk Tipping's communication with the world at large will be open and based on facts about its business  
 Norsk Tipping will train its employees and retailers on responsible gaming  
 Norsk Tipping will have expertise about the negative aspects of money games and knowledge about ways of preventing these.

The full version of this policy (in Norwegian only) can be found at [www.norsk-tipping.no/selskapet](http://www.norsk-tipping.no/selskapet).

DEVELOPMENTS 2007, 2008 AND 2009 – MAIN PROBLEM GAMES

	Number of calls		
	2007	2008	2009
Poker	196	217	164
Bingo machines <sup>2</sup>	43	40	80
Betting	48	66	66
Horse betting	32	39	61
Casino games (web)	21	40	56
Other money games	22	21	16
Lotto/Extra <sup>1</sup>	6	4	13
Bingo	8	21	12
Football pools	15	7	5
Scratch cards	5	3	5
IVTs (Multix)			5
Keno	5	2	
Slot machines	267	12	4
Uncertain/would not say	2	2	4
Non-money games	15	18	9
Not the issue	12	16	14
Other card games	2		
<b>Total</b>	<b>699</b>	<b>508</b>	<b>514</b>

<sup>1</sup> Keno is also included in the 2009 figure.

<sup>2</sup> Bingo machines were first registered separately from 1 July 2006.

Source: Helpline for compulsive players, call statistics.

unfortunate gaming behaviour over time, they will get feedback on this and advice on how to seek help.

**Knowledge and dialogue important**

Norsk Tipping’s work on responsible gaming, both strategic and operational, builds on knowledge constantly acquired by the company through research and studies, good and open dialogue with relevant organisations and groups, and participation in meetings and conferences on the issue.

**Knowledge:** Many studies and research products on responsible gaming are conducted every year, both nationally and internationally. In some cases, Norsk Tipping contributes financial support and facts. Lessons learnt from such projects are an important input to the company’s work on responsible gaming.

Norsk Tipping will finance a new survey on gaming habits in the Norwegian population during 2010. The most recent was conducted in 2008 by Synovate, with expert support from the Norwegian Centre for Addiction Issues. This showed that 1.3 per cent of the population had a gaming problem, compared with 1.7 per cent in 2007 and 1.9 per cent in 2005. The proportion of Norwegian with gaming problems is accordingly in decline. The main reason for such problems has shifted from gaming machines to bingo machines and Internet games.

**Open dialogue:** Norsk Tipping is present in many arenas which deal with the issue of problem gaming. These include a discussion forum

run by the Forum for Gaming Problems. The company has regular meetings with the Norwegian Gaming Board and the Norwegian Centre for Addiction Issues, and organises specialist meetings every year with researchers, treatment specialists and interest organisations concerned with gaming issues.

The company intends to establish a broadly representative social panel, which will meet every half year to serve as an advisory body.

**Leading for responsibility**

In February 2009, Norsk Tipping became the first gaming company in the world to make player registration mandatory for all its games with the exception of Flax. The player card must be used for delivering games in every channel, and is mandatory for the new IVTs. It offers many advantages, including secure identification of the player, secure delivery of games, an age check, security in prize transfers and opportunities to store personal limits for time and money spent on the new IVTs. The card offers further added value for the customer in that it can be used as secure identification when submitting tax returns, signing credit agreements and similar secure services offered by other companies. The introduction of mandatory player registration is a good example of responsibility in practice, because it minimises the risk of misuse with the new IVTs while safeguarding games and transactions for both customers and Norsk Tipping.

In many respects, the new Multix IVTs offer evidence that it is possible to think responsibility and attractiveness at the same time. The

PROBLEM MONEY GAMES BY GENDER

	Poker	Betting	Horse betting	Football pools	Other money games <sup>1</sup>	Casino	Lotto/Extra	Keno	Scratch cards	Bingo	Bingo machines
Women (N=96)	10%	3%	4%	5%	8%	22%	8%	4%	8%	38%	50%
Men (N=417)	46%	25%	22%	17%	9%	20%	7%	1%	2%	3%	10%

PROPORTION OF EACH AGE GROUP WITH GAMING PROBLEMS

	Poker	Casino	Keno	Other money games <sup>1</sup>	Scratch cards	Betting	Bingo	Football pools	Horse betting	Lotto/Extra	Bingo machines
18-24	71%	22%	0%	6%	0%	19%	0%	8%	0%	0%	7%
25-39	53%	29%	3%	8%	3%	20%	8%	14%	14%	4%	14%
40-59	14%	16%	0%	9%	3%	25%	14%	17%	32%	8%	30%
60 and above	0%	0%	0%	9%	0%	26%	17%	30%	17%	35%	35%

Source: Helpline

<sup>1</sup> The figures are based on the first call, and the results show the money games specified to the Helpline.

Because of a limited number of calls for certain games when broken down by gender and age groups, Norsk Tipping’s IVTs (nine calls in all), other card games (seven calls in all) and gaming machines (six calls in all) are included in the category for other money games (originally 25, including five calls about games of skill).

machines were provided with a number of exciting games during the year, and just over 85 000 players have tried them. Although the IVTs are strictly regulated, customers appear to accept these restrictions. The fact that the players themselves are challenged to contribute actively to limiting unfortunate gaming behaviour appears to be having the positive effect intended. About one per cent of players per month in 2009 opted to set personal limits which were stricter than those applied by the company, and seven per cent imposed their own playing breaks of more than one hour.

**Negative trend reversed**

Big differences exist between the old gaming machines and Multix, in terms of both entertainment value and responsibility-related measures. The flow of customers has increased as the IVTs have been installed, but reports from many venue operators confirm that the heavy gamblers on the old gaming machines have reduced their presence and been replaced by many new customers. This is a positive trend, given the many people who ran into problems with their gaming on the old machines. Viewed overall, statistics from the Helpline otherwise show little change in Norsk Tipping’s relative share of compulsive players. But there has been a small rise in the number of calls related to the Multix and lottery games. The betting games are unchanged, while compulsive gaming related to the football pools has declined. See the table on page 34. Norsk Tipping has asked the Helpline to find a better way of registering calls which relate to the company’s games, so that the “betting” category does not lump together web games from both foreign providers and Norsk Tipping. That will give the company a better insight into which games cause problems.

The introduction of a strictly controlled regime related to the gaming machine market, which was previously completely unregu-

MAIN PROBLEM GAMES PLAYED ON AN ELECTRONIC PLATFORM

Number of calls to the Helpline	Total
Poker	158
Casino games	54
Betting/pools	47
Horse betting	32
Lotto/Extra / Keno	5
Bingo	3
Other money games	11
Not specified	2
Non-money games	9
<b>Total</b>	<b>321</b>

lated, shows that it is actually possible to reverse a negative trend. Gaming companies and specialists around the world are following developments in Norway with great interest, and the company has received a number of requests for permission to conduct research into current trends. A research assignment related to such issues as the IVTs will accordingly be put out to tender during 2010.

**Security is fundamentally important**

Gaming security is fundamental for Norsk Tipping’s business.

The company conducts mandatory courses for new retailers and venue operators. These focus attention on such aspects as the risk of irregularities. Annual security training is also provided for all Norsk Tipping employees.

HELPLINE FOR COMPULSIVE PLAYERS

- Opened 28 April 2003 as a trial scheme, established as a permanent solution in 2005
- Organised as a collaboration between the Norwegian Gaming Board and the Sanderud division of the Inland Hospital Trust
- Goals:
  - help people in crisis
  - refer to other help, including treatment
  - collect information about compulsive gaming
- Staffed by specially trained health workers
- Calls are anonymous
- Free calls from fixed phones

Gaming security in practice

Work on gaming security partly involves maintaining good control of the three commercially critical processes – sale of games, implementation of games/draws and payment of prizes – so that they are conducted correctly and in accordance with the applicable rules and guidelines.

The security department is working with a dedicated solution focused on security routines at the retailers, which aims to reduce the risk of financial irregularities. The basic structure is in place, and the content of the solution will be developed in the first quarter of 2010.

Risk assessment

Systematic assessments of risk related to Norsk Tipping’s games and systems are important for ensuring that the level of security is sufficiently high. The company’s systems are continuously subject to such evaluations.

Monitoring

Norsk Tipping’s systems provide a continuous overview, making it possible to detect unusual playing behaviour. Should signs of abnormalities be detected, they are investigated to see whether illegal conduct is involved. Should that be the case, it is reported.

Annual certification

An external certification body – Det Norske Veritas in recent years – audits Norsk Tipping annually in accordance with ISO 27001 and the World Lottery Association (WLA) security control standard.

Security testing

All channels and systems are subject to regular security testing with regard to vulnerability and threats.

Regular contact

Norsk Tipping holds regular meetings with both Buypass and the Norwegian Gaming Board on security, non-conformances, routines and guidelines. The security department met once a quarter with Buypass on security and non-conformity in the use of player cards and accounts. Quarterly meetings were also held with the Gaming Board to coordinate changes to the games. The planned annual meeting with the chains on shared goals and measures for gaming security did not take place, primarily because of the reorganisation process. Plans call for this meeting to be held during the spring of 2010.

Positive impact of registered gaming

Norsk Tipping became the first company in the world to introduce mandatory player registration for all its games – with the exception of Flax – on 23 February 2009. This was adopted for security reasons, in part to prevent money laundering and for secure payment of prizes.

The introduction was viewed with some trepidation, in part because of fears of player flight and reduced sales. However, results for the year demonstrate the opposite – a larger number of customers than expected and no financial effects attributable to the introduction.

Irregular incidents, such as unauthorised deposits in or withdrawals from player accounts, increased markedly in 2009. A total of 41 irregularities related to deposits or withdrawals were recorded. The most probable reason is not a rise in the number of incidents but better control by and higher security at Norsk Tipping now that all games are registered. During November, the system was improved so that this kind of irregularity cannot recur. Cases of attempted identity theft through the use of player cards also increased in 2009. There were a total of 109 incidents involving unauthorised changes to PIN codes with subsequent withdrawals from player accounts. Given the number of player cards in circulation (about two million) and authorised PIN changes (about 60 000), the figure for irregularities is relatively small. Norsk Tipping has nevertheless opted to implement new measures during the first half of 2010 to reduce the risk even further.

Norsk Tipping monitors heavy gamblers. They receive a letter from the company with an overview of how much they have spent on gaming and information about the possible unfortunate consequences of heavy gaming. In many cases, the “heavy gambler” proves to be a syndicate. The number of letters to such players increased from 204 to 333 during 2009, which reflects the introduction of registered gaming.

Financial advice

Many people who win large sums in money games may find it a challenge to tackle such a big change to their lives. As a result, financial advice is routinely offered to everyone who wins NOK 2 million or more. Winners are offered up to five hours of free consultation with Norsk Tipping’s advisors. Any further advice must be paid for by the winners themselves.

Those who win just under NOK 2 million and who ask for help to handle the money may also be offered free advice in certain cases.

RESPONSIBLE GAMING RULES

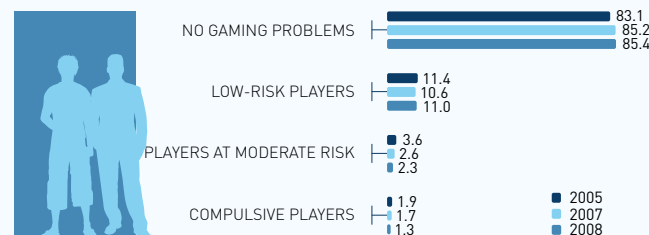
**Playing money games is a personal responsibility, and Norsk Tipping recommends that all players observe its rules on responsible gaming.**

- Rule 1:** Decide in advance how much you can afford to lose
- Rule 2:** Decide in advance how much time you can devote to money games
- Rule 3:** Never play for more than you can admit to your family and friends
- Rule 4:** Never believe that you can win back what you have lost
- Rule 5:** Never borrow money in order to play

SELF-TEST

Norsk Tipping and six other Nordic gaming companies participated from October to the end of December in a pilot project for a new self-test aimed at players interested in obtaining an overview of their own gaming activity. Developed by Sweden’s Gaming Institute, the test was launched on Norsk Tipping’s own website at [www.spilleveit.no](http://www.spilleveit.no) on 5 October. It has been developed from a desire to detect people who are on the way to developing a gaming problem. That distinguishes it from other tests available, which are largely tailored to those who are already compulsive players. If risky gaming habits can be picked up early, preventive efforts can also be pursued and players informed about what they can do to alter their gaming habits. When a player has completed the test, they receive individually tailored advice based on their gaming habits. This can include setting limits for the amount of time or money devoted to gaming or getting in touch with the Helpline. Norsk Tipping has purchased a licence from the Gaming Institute to continue using the test.

NORWEGIAN POPULATION\* BY DEGREE OF PROBLEMS WITH GAMING



Abt 25 000

NUMBER OF TIMES WHEN MULTIX CUSTOMERS WERE BARRED FROM PLAYING BY THE MONTHLY LIMIT OF NOK 2 200

Abt 33 000

NUMBER OF TIME A MANDATORY 10-MINUTE PLAYING BREAK WAS IMPOSED FOR MULTIX CUSTOMERS



333 REGISTERED HEAVY GAMBLERS IN 2009

204 REGISTERED HEAVY GAMBLERS IN 2008

\* Percentage over the age of 15

COMMITMENT. WITH COMMITTED STAFF AND SATISFIED PLAYERS, NORSK TIPPING'S AMBITION IS TO ALLOCATE NOK 4 BILLION TO GOOD CAUSES IN 2012.



## ERIK JOHANNESSEN

EMPLOYER: Norsk Tipping  
JOB: Procurement advisor

**Civil status:** Married, one daughter (12), one son (17).

**Residence:** Lillehammer

**Interests:** Cycling, Alpine and cross-country skiing. Earlier active windsurfer, footballer and Alpine skier. Following up his children's interests. Being together with good friends. Sporting activities.

**Keen on:** Very concerned to get departments and specialists working together to meet common goals

PLAYS: Lotto and Oddsen

GRASSROOTS SHARE: Kringsjå skolemusikk

### PERMANENT EMPLOYEES



367

2005

324

2006

322

2007

349

2008

360

2009



NAVN: Erik Johannesen  
IN FOCUS FOR: Procurement advisor  
focused on giving back as much as possible

## SMART PROCUREMENT BECOMES MINI-PITCHES

### Norsk Tipping Annual and social report

Norsk Tipping's employees are committed to ensuring that sports, culture and non-sporting socially beneficial and humanitarian organisations receive as much as possible of the gaming profits. Erik Johannesen is one of them. During 2009, he was involved in renegotiating major procurement contracts which saved Norsk Tipping tens of millions of kroner.

Norsk Tipping is by no means alone in facing new times. The focus on costs and the financial crisis are important elements when awarding contracts to suppliers or renegotiating existing deals.

#### NOK 250 million saved in three years

This commitment is nothing new for the company, which initiated its Programme 150 in 2005 with the goal of cutting costs by NOK 150 million over three years. The actual saving was around NOK 250 million. One element in this programme was precisely the renegotiation of existing contracts. As procurement advisor for ICT, Johannesen knows how to secure terms which are good both for the supplier and for Norsk Tipping as the customer.

"I'm concerned to achieve a good climate of cooperation and to ensure that contracts are awarded in full openness and with honest intentions," he explains. "We need a good dialogue with our suppliers. Contracts must lie at the interface where the supplier makes money from us and we get the right product at the right price. That's how we've always worked, but a few novel factors give us stronger cards than before at the negotiating table."

Asked to name these new conditions, he notes that a number of big, heavyweight manufacturers are fighting for market share. "We're a good and solid reference customer.

"Suppliers have also become more professional. They're no longer simply trying to sell as much as possible and at the highest possible price. They also act as valuable advisors."

Johannesen has headed sales units in the

supplier market for many years, and has experience from the other side of the negotiating table. Being familiar with the various purchasing and sales conditions which can arise is important.

#### Teamwork important

"I know teamwork's important, as is a feeling for relationship-building," he observes. "Our contracts are always awarded by a multi-disciplinary team, which brings together specialists and resources from a number of our departments. We ensure that the best contracts are entered into by allowing several people to give input about their needs and by ensuring that all interests are taken into account. My impression is that my colleagues are strongly committed to seeing that we can collectively transfer as much as possible of our profits to good causes. The savings we make through smart procurement will automatically turn into a few more mini-pitches."

He notes that Norsk Tipping saved roughly NOK 10 million in 2009 simply by renegotiating some major ICT contracts.

#### Getting to the Olympics

"When I manage to get departments full of specialists to collaborate on achieving a shared target, which yields a win-win outcome both for the supplier and for us, it's like getting to the Olympics," says Johannesen.

"We employees must simply continue to concentrate on achieving cost efficiency. That ensures the largest possible profit for culture, sports and non-sporting socially beneficial organisations."

## A CLEAR COMMITMENT

The employees are Norsk Tipping's most important resource, and internal processes in 2009 involved the whole workforce in staking out the company's future course.

The reorganisation was marked by an in-house motivational week for all employees in September, with external speakers and debaters, internal working parties, open discussion arenas, town hall meetings and small workshops. Support from the workforce was high. Among points raised was a desire for greater tolerance of differing views and more openness. This was incorporated in further work on the new values platform and management principles. A planned working environment survey was postponed until 2010 because of the reorganisation.

The company's most important policy documents have been revised in accordance with a specified plan. Most are revised annually, some less frequently. A new policy for employee participation in the company's games was adopted in 2009 as well as new guidelines for testing games. Norsk Tipping's ethical guidelines have been supplemented with a requirement for employees to exercise caution in their presence on various websites out of consideration for the company and their colleagues.

#### Diversity reporting

Norsk Tipping published its first diversity report in 2009.

The company has five employees with an immigrant background. None of these has a managerial function. Nobody with an immigrant background was recruited in 2009.

Norsk Tipping has two employees with disabilities. The company is affiliated to the inclusive workplace (IA) agreement.

The proportion of women in Norsk Tipping declined from 41 to 40 per cent in 2009. It rose from 17 to 25 per cent for senior management, and from 21 to 23 per cent among middle managers and senior specialists. The female proportion among team leaders and ordinary specialists fell from 32 to 30 per cent, and rose from 59 to 60 per cent among rank-and-file. No cases of discrimination were reported in 2009.

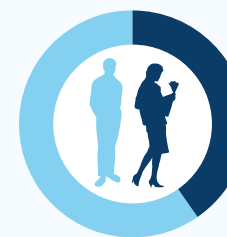
Measures were presented in the diversity report to expand the scope of recruitment, so that under-represented categories – such as people with disabilities or various ethnic origins – are particularly encouraged to apply for jobs with the company.

External turnover amounted to 1.7 per cent of employees in 2009, compared with 4.58 per cent the year before.

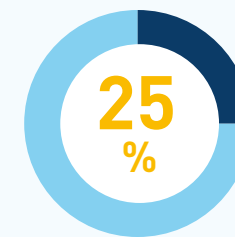
More women than men changed their job within Norsk Tipping in 2009. This is a positive trend, because significantly more men moved internally to new posts in 2007 and 2008.

#### GENDER DISTRIBUTION

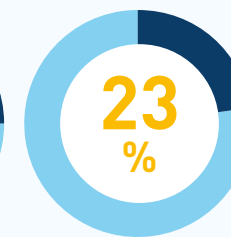
#### PROPORTION OF WOMEN IN THE NORSK TIPPING WORKFORCE BY LEVEL



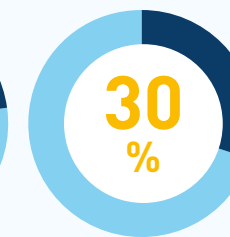
NORSK TIPPING  
IN ALL



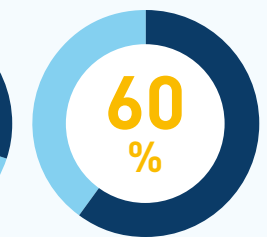
SENIOR MANAGEMENT



MIDDLE MANAGEMENT  
AND SENIOR SPECIALISTS



TEAM LEADERS  
AND SPECIALISTS



RANK-AND-FILE

EXTERNAL AND INTERNAL EMPLOYEE TURNOVER BY GENDER AND AGE GROUP

Age	External turnover			Internal turnover		
	% women	% men	% age group	% women	% men	% age group
20-29	11.11	0.00	6.25	0.00	14.29	6.25
30-39	3.03	1.47	1.98	3.03	2.94	3.96
40-49	0.00	3.23	1.41	6.12	2.15	3.52
50-59	0.00	0.00	0.00	2.70	0.00	1.35
60 -	0.00	0.00	0.00	0.00	0.00	0.00
% of gender	1.38	1.86		3.45	2.79	
% of employees	1.67			2.78		

**Number of employees**

Norsk Tipping had 360 employees at 31 December 2009, excluding stand-ins, trainees and other temporary staff.

	At 1 Jan 09	At 31 Dec 09
Permanent employees	351	360
Total work-hours (incl stand-ins)	359	358

A total of 362 work-years were used during the year.

The company practices equal treatment of full-time, part-time and temporary staff.

**Proportion of employees covered by collective agreements**

The company has collective agreements on pay and conditions with the Federation of State Employees Unions/Norwegian Civil Service Union (NTL) and the Federation of Academic Unions in State-Owned Enterprises (SAN)/Norwegian Society of Engineers (Nito). Fifty-two per cent of the workforce is unionised.

**Number of employees participating in formalised HSE committees**

The working environment committee has six members in addition to a healthy living coordinator. Three of the members represent the employer and three the employees.

The committee for the prevention of alcohol and drug problems in the workplace (Akan) has four members, two representing the employer and two the employees.

**Sickness absence remained low**

Sickness absence per quarter (percentage)

First quarter	3.7
Second quarter	3.7
Third quarter	4.3
Fourth quarter	5.5
Total for the year	4.4

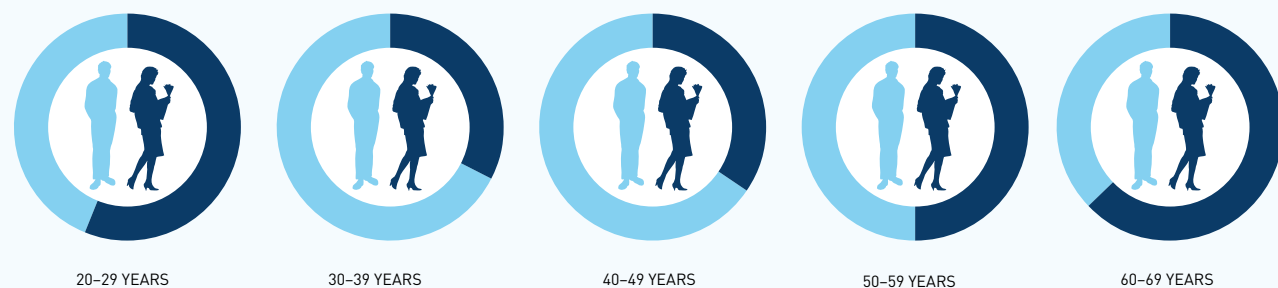
One goal for 2009 was to keep sickness absence at the same level as the year before, when it was 4.2 per cent. The failure to meet this goal reflected an increase in absences during the autumn, probably attributable to swine flu.

The figures show that Norsk Tipping is maintaining the trend towards a level of sickness absence significantly below the national average.

Three cases of personal injury at work were reported during 2009, leading to 51 lost working days. All three incidents involved falls, and the bulk of the lost time related to one of them.

No lost time was recorded as a result of occupational illnesses.

GENDER DISTRIBUTION BY AGE



2001-2009: FEMALE PAY AS A % OF MALE PAY BY JOB CATEGORY (BASED ON AVERAGE PAY)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Senior management	98%	94%	93%	96%	95%	99%	99%	98%	93%
Middle management and senior specialists	87%	92%	96%	95%	97%	98%	98%	98%	91%
Team leaders and specialists	88%	86%	91%	92%	92%	94%	96%	97%	96%
Rank-and-file	85%	79%	82%	88%	88%	89%	96%	91%	92%

Definitions:

- Senior management: company's management team excluding the chief executive
- Middle management: reporting to members of the management team and certain senior specialist posts
- Team leaders: reporting to middle management/senior specialists

FULL- AND PART-TIME EMPLOYEES

Gender	Number	Full-time Percentage	Number	Part-time Percentage	Temporary part-time		Total
					Number	Percentage	
Women	125	86%	5	3%	15	10%	145
Men	212	99%	0	0%	3	1%	215
Total	336	94%	5	1%	18	5%	360

The table shows full-time posts, part-time posts and temporary part time (i.e. reduced working hours at the employee's request) by gender.

**Training**

Norsk Tipping has conducted courses in practical personnel management during 2009. This programme provides managers with training in policies and core values, union-management agreements, recruitment, the inclusive workplace, legal provisions, safety, financial aspects, conflict management and job reviews. The management development programme was implemented as planned, with the focus on corporate culture and development of a new value platform and management principles. Departmental team processes were also pursued.

Other training measures conducted among the whole workforce include:

- the new Windows platform
- Norsk Tipping's social role
- "local" courses on various tools, systems and processes
- individual participation in courses and continuing/further education
- the customer service department devotes 17 days per year to training of service personnel
- fire drills are conducted annually
- first-aid courses are held annually
- training in the internal control manual
- training in the guidelines for violence and threats in the workplace
- induction course for new recruits
- focus group organised by the healthy living consultant with the focus on health, diet and lifestyle for employees with various health problems.

The company does not record hours devoted to training.

**Training in responsible gaming**

All employees are trained on the company's ethical guidelines in the induction programme, which is conducted during their first month of employment. Departmental and individual training measures are also executed.

Norsk Tipping's e-learning programme on responsible gaming was launched in the organisation during December 2008. The goal is for all employees to complete the course, and 92 per cent had done so at 31 December 2009.

The company is continuing its efforts to get the rest of the workforce through the programme. This partly involves giving all new employees, during the induction programme taken in the first month after joining the company, a one-hour review of the company's work on responsible gaming. They are subsequently sent information on the programme and its user manual.

**Programmes for developing personal qualities and lifelong learning which enhance employee value in the labour market**

- Personal development goals are a topic in the annual job reviews. These goals are drawn up in cooperation with the employee's immediate superior, implemented on an individual basis and followed up. All employees have at least one annual job review with their immediate superior.
- Norsk Tipping completed a common management development programme for all middle managers in 2009.
- Team processes were conducted in many departments.

**Employees**

One reason why the position on equal pay has changed is that the

restructuring resulted in certain managers shifting to a different level in the organisation. This put some of them in another statistical category than the one to which they previously belonged. Another reason is that the company car scheme was abolished. This benefit was part of the contractual terms for employees, and its abolition has therefore been compensated for through an increase in annual pay. This compensation was set at a higher level than the valuation of the previous company car benefit which was added to annual pay when calculating pay equality. Most of those who had company cars were men.

**THE ENVIRONMENT**

**Work on the environmental strategy**

A goal for Norsk Tipping in 2009 was to complete its overall environmental strategy and entrench this in the organisation. That objective was not met. Work on the restructuring was an important reason. Although the overall environmental strategy has not been completed, ethical guidelines prepared for suppliers specify environmental requirements. See the section on procurement.

Work on implementing environmental measures in the new building currently under construction is on schedule. In this context, the company is observing the environment principles developed in the national Green IT project. Norsk Tipping also complies with the government directive on energy consumption in buildings. The company will adopt an environment-friendly district heating system in the new building and utilise waste heat from the computer rooms.

**Electricity consumption**

A purposeful commitment allowed Norsk Tipping to reduce its power consumption for the third year in a row, despite an increase in employees. The company installed photocells during 2009 in the office areas which did not already have such equipment. Installing frequency-controlled fan motors in the ventilation system also cut power usage.

Electricity is Norsk Tipping's principal energy source. The company can run its heating system on oil, but this was not done in 2009.

ELECTRICITY CONSUMPTION	Total power consumption
2006	5325 mw
2007	4755 mw
2008	4528 mw
2009	4514 mw

**Coupons, Oddsen programmes and retailer materials**

Norsk Tipping affects the environment through the production and distribution of coupons, Oddsen programmes and materials to retailers. Attention is given at all times to possible measures for reducing the volume of printed materials.

The company's contracts specify that all coupons and Oddsen programmes must be printed on unbleached recycled paper and with non-toxic ink. Such production thereby satisfies a number of environmental standards, and all coupons and Oddsen programmes are printed on paper carrying the Nordic Ecolabel.

**Distribution of paper**

The number of Oddsen programmes increased in 2009 because of the expansion in retailer numbers and because the year contained 53 weeks/rounds of play.

**Transport**

Norsk Tipping has guidelines for transport, which include a requirement that employees use public transport where possible and that one of the company's vehicles be used for business travel when a car is needed.

The company uses Norway Post's Bring service. This has an active and clear attitude on environment-friendly operations.

**Waste**

The amount of waste wood increased markedly thanks to maintenance work. Ceilings were replaced in parts of the building.

**WASTE**

Category	2007	2008	2009	Change from previous year
Mixed food waste	69.5 tonnes	56.97 tonnes	46.82 tonnes	-10.15 tonnes
Wood	6.5 tonnes	6.08 tonnes	12.02 tonnes	5.94 tonnes
Paper/cardboard	36.0 tonnes	56.01 tonnes	44.37 tonnes	-11.64 tonnes
Plastic foil	1.0 tonnes	1.02 tonnes	1.19 tonnes	0.17 tonnes
Glass and metal	1.0 tonnes	1.75 tonnes	1.91 tonnes	0.16 tonnes
Food waste			7.27 tonnes	7.27 tonnes
Electrical waste			2.5 tonnes	2.5 tonnes
<b>Total</b>	<b>114 tonnes</b>	<b>121.83 tonnes</b>	<b>116.08 tonnes</b>	<b>-5.75 tonnes</b>

Norsk Tipping works continuously to sort and facilitate recycling of its waste. Reducing waste will be an important element in the company's future work on its overall environmental strategy. No sanctions or fines have been imposed on Norsk Tipping for failure to comply with environmental regulations.

**PROCUREMENT**

Norsk Tipping annually spends more than NOK 1.2 billion on goods and services from over 1 000 suppliers, and wants to use this position to contribute to a more sustainable development.

The company works to promote its values in the supplier chain, and drew up ethical guidelines for suppliers during 2009. These define standards which suppliers must meet in such areas as labour and human rights, environmental protection, opposition to corruption and bribery, and marginalisation. The ethical guidelines will be appended to all new contracts, and following them up will be part of the routine for contract supervision. In accordance with the government's recommendations and wishes, Norsk Tipping is continuing its efforts to enhance the efficiency of procurement processes.

Norsk Tipping became subject to the public procurement regulations in 2005, and developed its own purchasing policy in 2006. This aims in part to save substantial sums.

The Office of the Auditor-General registered a number of improvements in Norsk Tipping's procurement activity during 2009. A number of contracts were put out to competitive tender.

The Auditor-General has commented that Norsk Tipping's portfolio of contracts must be reviewed and that acceptable grounds must be provided for extending contracts which have not been subject to competitive tendering. General quality assurance of routines and documents should be improved.

**PROCUREMENT IN 2009**

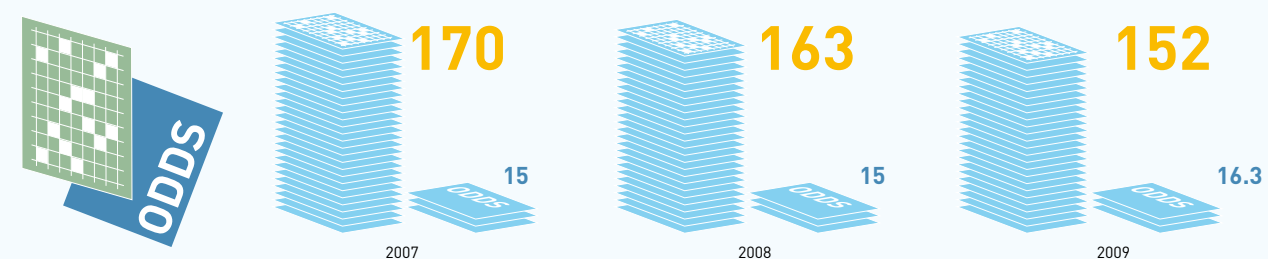
Purchases of goods and services (incl VAT)	NOK 1 275 mill
Public invitations to tender (Database for Public Procurement/TED)	36*
Suppliers	1 063
Invoices received	8 913

\* In addition come minor purchases which are not put out to tender, but which have been subject to competition.

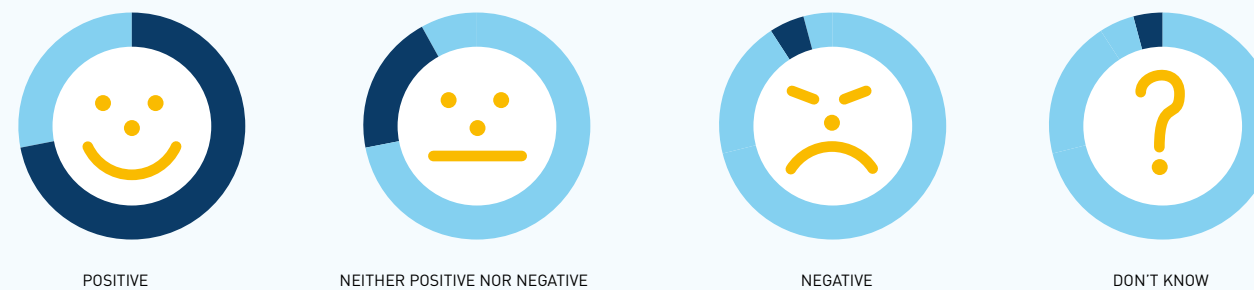
**Further improvements**

The preparation of routines for commercial and technical follow-up of contracts has been initiated and discussed in-house. This job will be completed during the spring of 2010.

**DISTRIBUTED COUPONS AND ODDSEN PROGRAMMES**



**WHAT IS YOUR OVERALL IMPRESSION OF NORSK TIPPING?**





Investigation of an electronic ordering function has begun and will continue during 2010.

The work of introducing electronic receipt of invoices began during 2009. A supplier has been chosen and start-up is due in 2010.

Plans to introduce special electronic tools in 2009 for planning and demonstrating need were not implemented. But these requirements have been considered through the cost/benefit project. Checklists for demonstrating need, particularly for consultant support, will be prepared and implemented during the spring of 2010. Everyone involved in procurement has received an offer of training, particularly with regard to the provisions of the Norwegian Freedom of Information Act concerning insight into public sector procurement.

#### Norsk Tipping's reputation

Despite much negative attention occasioned by the report from the Office of the Auditor-General, 2009 proved a year with very positive press coverage of the company. This is the first time so much positive exposure has been recorded in the course of a 12-month period since media monitoring company Infopaq began measuring this in 2005. The average paq value\* was the highest the company has achieved. More articles about gaming funds were registered in 2009 than in the whole period from 2005 to 2008. At the same time, the proportion of proactive articles increased from 33 per cent in 2008 to 52 per cent in 2009. The subject attracting the most coverage was the Grassroots Share, which accounted for 30 per cent of the positive exposure. It was written about on 1 975 occasions, and 94 per cent of the articles were positive. Great attention was also paid to the record prize pot of NOK 97 million for Viking Lotto during the spring. In addition came many good winner stories, with the "Verdal winners" and the record payout of NOK 37.1 million to an elderly couple in Fredrikstad among those attracting much attention.

Coverage of the Auditor-General's expanded audit of Norsk Tipping accounted for much of the negative media attention in 2009. Two computer problems in the autumn also attracted much negative coverage, particularly in the web newspapers.

#### More positive attitude to Norsk Tipping

On behalf of Norsk Tipping, Synovate conducts annual surveys of popular attitudes to the company. The table below shows responses to the question "What is your overall impression of Norsk Tipping"?

#### Among the front runners in image survey

Another reputational survey is Synovate's annual image survey, which covers about 100 of the largest Norwegian companies in Norway. The 2009 survey showed that Norsk Tipping had retained its place as one of the companies with the best reputation. It occupied ninth place among the best-liked enterprises, unchanged from 2008. Sixty-five per cent of the population had a very good or fairly good impression of Norsk Tipping. Part of the survey was conducted before the Auditor-General's report was published.

Norsk Tipping came fourth in the advertising and information category and ninth for corporate social responsibility and morals. Synovate describes this as "flattering, given the company's areas of operation".

#### Popular TV broadcasts

The TV draws transmitted by the Norwegian Broadcasting Corporation (NRK) retained their popularity. The Lotto and Viking Lotto draws were renewed and modernised in 2009. Saturday's Lotto draw had an average audience of 692 000, while the Viking Lotto draws attracted 467 000 viewers on average and Extra 440 000.

	Print/broadcast/web media 2007	Print/broadcast/web media 2008	Print/broadcast/web media 2009
Number of stories	5 067	3 229	4 891
Positive	3 116	2 275	4 187
Negative	1 951	954	704
Percentage positive	61	70	86
Average paq value*	0.24	0.48	0.81

\* The paq value is the sum of all positive and negative stories. The quotient is calculated on the basis of the medium's readership, length of the article, its position, etc, and the way Norsk Tipping is presented. The highest paq is +5, and the lowest is -5.

#### ATTITUDES TO NORSK TIPPING

	2004	2006	2007	March 2008	November 2008	May 2009
Very positive	30	22	17	16	22	26
Fairly positive	39	45	41	41	39	46
Neither positive nor negative	19	21	25	25	26	20
Somewhat negative impression	4	5	7	9	5	3
Very negative	2	2	4	5	3	2
Don't know	6	5	7	4	5	4

Synovate, social accounting, May 2009. Responses in per cent.

# DIRECTORS' REPORT AND ACCOUNTS

## DIRECTORS' REPORT 2009

Norsk Tipping is the Norwegian government's gaming company, established pursuant to the Football Pools Act of 21 June 1946. This Act was repealed on 1 January 1993, and Norsk Tipping's business is regulated today pursuant to the Gaming Act of 1992. Headquartered in Hamar, the company's business consists of money games. The board has given priority in its work during 2009 to good commercial operation and a development of the organisation directed at renewal, customer orientation and positive reputation-building. It notes that 2009 proved a very positive year, including a record turnover, increased market shares, many new customers, the introduction of registered gaming and the Grassroots Share, successful regulation of the gaming machine market, the development of a new responsibility platform and the roll-out of Gaming at the Checkout.

A new management and work on putting a new organisational structure into place also characterised the year. At the same time, the company experienced a challenging time characterised by critical reports from the Office of the Auditor-General. The board also devoted great attention to handling this matter, and believes that the company has emerged strengthened from the process.

Money game sales declined in most countries during 2009. But 1.9 million Norwegians contributed to the best-ever turnover for Norsk Tipping. The traditional games brought in NOK 10.9 billion, and the new Multix interactive video terminals (IVTs) contributed earnings after prizes of NOK 156 million. Through the Grassroots Share, 520 000 players donated NOK 211 million to teams and societies large and small in their local community.

A record was also set in 2009 for turnover in the electronic channels. Games revenue via the Internet and mobile phones totalled NOK 1.2 billion.

### New values platform

An in-house process driven by the company's own employees produced a new values platform in the autumn of 2009 which builds on Norsk Tipping's social role. This rests on four cornerstones:

- We are conscious of our social responsibility
- We are modern and forward-looking in what we do
- We are customer-oriented
- We focus on high value creation to the benefit of and for use in voluntary work

### New responsibility platform

Norsk Tipping adopted a new responsible gaming platform in May which also aims to underline the company's socio-political role. A number of specific measures are described, including:

- a lower age limit of 18 for all games
- a limit on game spending
- introduction of behavioural tools which allow players to decide how much time and money they want to devote to gaming
- acquisition of analysis tools which can tell players when their gaming is starting to become compulsive
- acquisition of analysis tools which identify a game's risk profile and which will be applied in developing new games

Work on these measures has been initiated, and will be completed during 2010.

### Restructuring of the business

Norsk Tipping carried out a restructuring in 2009 in order to achieve an organisation best fitted to realising the company's social role and strategic goals. The new structure came into effect on 1 September.

It comprises eight departments with clear functional areas of responsibility and profit targets. A larger number of profit centres than before are responsible for revenues and costs. The new structure will focus even greater attention on the customer. Among other moves, establishing the interactive department indicates a desire to make games more accessible via electronic channels. Following the reorganisation, the management team at Norsk Tipping had the following structure:

- Torbjørn Almlid, chief executive officer
- Tollef Imsdalen, deputy chief executive and head of strategy, legal affairs and property
- Jan Peder Strømshlid, vice president interactive
- Thorbjørn A Unneberg, vice president retail and brands
- Peer Jacob Svenkerud, vice president games production
- Gro Sørbø, vice president human resources
- Randi H Røed, chief financial officer

Imsdalen resigned at his own request as deputy chief executive in January 2010 and moved to a role as adviser to the chief executive. Bjørn Helge Hoffmann has been appointed acting head of strategy, legal affairs and property until a new vice president has been recruited.

As a result of the new organisational structure and in order to strengthen overall management of Norsk Tipping, all executives in the company have participated in a monthly management forum. This was established to entrench important processes across the whole business, strengthen understanding of the overall picture, share important information and develop a good exchange of views. Company executives made an active contribution in 2009 to developing new management principles, and developed a new values platform together with the rest of the organisation.

### Board changes

Knut Brofoss and worker director Helle Stine Næss left the board in June. They were replaced by Paal Fure and Eli Skjæret. The new alternates are Dag Westby and Line M Rustad.

Chair Sigbjørn Johnsen resigned on 20 October, when he was appointed minister of finance. His replacement, Lars Sponheim, was appointed on 24 November.

Eleven board meetings were held in 2009.

### Strategic priorities

The company's strategy plan for 2010-12 formulates an ambition that "through a responsible and attractive range of games, Norsk Tipping will generate NOK 4 billion for good causes from at least two million players in 2012."

This ambition demonstrates that the company has a strategy for growth, even though the goal of NOK 4 billion for the beneficiaries will not be reached as quickly as specified in earlier plans. The main strategic priorities in the plan are:

- **reputation-building:** achieve and maintain positive attitudes to Norsk Tipping's role
- **responsible gaming business:** Norsk Tipping will inspire trust among its various stakeholders
- **customer and service development:** expand the player base by recruiting new games, as well as strengthening loyalty and playing frequency
- **product and category development:** the company will increase its gross market share from 44 per cent in 2008 to 60 per cent in 2012

- **arena and sales:** modernisation of the distribution structure and clear differentiation of concepts and channels
- **management, culture and expertise:** Norsk Tipping will attract able employees and encourage good performances
- **ability to execute**
- **corporate governance**

The company's goals for 2010 are to increase gross turnover by NOK 1.6 billion to NOK 14.15 billion, and profit by NOK 65 million to NOK 3.3 billion, including the Grassroots Share.

Important measures for reaching these targets include:

- continued development of Gaming at the Checkout, with turnover increased by NOK 180 million
- roll-out of about 1 000 new Multix IVTs and development of new games
- renewal of the IT infrastructure to improve the range of games and services
- distribution of Multix IVTs to the bingo market
- tight cost control and enhanced efficiency in the business.

The external frame conditions for realising the company's growth ambitions are favourable. The decision of the European Court of Justice in 2009 reinforced the Norwegian government's policy on regulating money games, with exclusive rights for a company which builds its business on a responsible and attractive range of games. To be sure, the court's attitude in principle to monopolies has encouraged a number of international gaming companies to seek entry to the Nordic money game market. In that context, Ladbrokes has taken legal action against the Norwegian government in a bid to gain access to the money game market in Norway. The Efta Court stated in 2007, before consideration of the case began in the Oslo District Court, that the European Economic Area (EEA) agreement did not prevent Norsk Tipping being granted an exclusive right to operate gaming machines. The Oslo District Court found in favour of the government. Ladbrokes appealed to the Borgarting Court of Appeal, but withdrew its appeal just before the case came up for consideration in September 2009. The judgement of the Oslo District Court thereby stands.

Just before the case was to come up in the Borgarting Court of Appeal, the European Court confirmed Portugal's right to introduce a restrictive gaming policy in the La Liga Portuguesa judgement. And the European Parliament approved a policy statement in May 2009 which expressed support in principle for restrictive national gaming policies. These events also strengthened Norsk Tipping's optimistic view of its future in the role as the government's gaming policy instrument. The government has resolved to ban payment transfers from Norwegian banks to foreign gaming companies. This will contribute to increased channelling of customers towards Norsk Tipping's games. On that basis, and given the positive trend in consumption of the company's games in 2009, the board believes that the 2010 goals for turnover and profit are realistic. One of the biggest risk components in the company's budget relates to possible delays in the implementation of critical infrastructure projects. Such hold-ups



could boost costs and have a negative impact on the revenue side in the longer run. Another major risk is the expansion in IVT installation sites. Should this fall substantially short of expectations in 2010, meeting the financial targets would be more difficult.

Work was pursued in 2009 on planning the Euro Jackpot. This new lottery is a collaboration between the Viking Lotto partners plus Germany, Italy and the Netherlands. It was not clear at 31 December that the game could be launched. Norsk Tipping is ready to implement it if the government wishes to have such a lottery.

#### Focus on cost efficiency

The company assessed its cost efficiency during 2009 through the cost/benefit project. This was prompted by the desire of the Ministry of Culture and Norsk Tipping itself to look at the level of costs with a view to operating as cost-efficiently as possible. A number of working parties reviewed various areas, such as payroll costs, use of consultants and external purchases, marketing, promotion and sponsorship, channels/distribution (Internet), and the ownership of and interfaces with subsidiaries.

The project was completed in the autumn of 2009, and implementation of the proposed measures was transferred to action plans for the various departments. At 31 December, the position was that most of the cost/benefit measures had been entrenched in the line organisation and in departmental action plans, and that major cost reductions had been incorporated in the 2010 budget. The board has resolved that a framework for corporate governance with integrated risk management and internal control will be implemented.

The board follows up the company through a regular business report from the management. This contains the company's scorecards with key performance parameters for such aspects as reputation, games revenue, customer development, costs and results as well as operational and internal conditions. The status of the company's most important projects and the management's risk picture are also reported.

#### Market developments in 2009

Turnover in the money game market declined in most countries during 2009. The most important reason was probably the turbulence in the financial sector. By contrast, Norway showed a slight increase in turnover for the regulated part of the market. Norsk Tipping increased its market shares from 43 per cent in 2008 to 47 per cent. Because of the company's higher turnover, the overall market grew by about nine per cent (or roughly 14 per cent if foreign providers are excluded), according to calculations from Norsk Tipping's

The board of directors of Norsk Tipping.

Front row, from left:

Silvija Seres, Ingvild Ragna Myhre, Eli Skjæret and Siv Tørudbakken. Back row, from left: Lars Sponheim, Paal Fure and Petter Torgerhagen.

department for customer and market information. The department calculates market developments in 2009 as follows:

- Norsk Rikstoto (horse betting) declined slightly (down 2.3 per cent)
- bingo continued to expand sharply (up 17 per cent), reflecting growth in the main electronic game as well as the addition of roughly 13 halls in 2009
- international web gaming declined (down nine per cent), attributed to reductions in the player base and frequencies for poker, betting and casino games
- the same trend is also observed in Sweden, where the Gaming Inspectorate reports that Svenska Spel's poker rake declined by about 17 per cent over the past year.

The figures for bingo have been discussed with the Norwegian Gaming Board, and correspond with those the board will be including in its annual report.

#### Profit and loss account

Norsk Tipping's gross games revenue rose by almost NOK 2 billion in 2009, to NOK 12.6 billion. This big increase must be viewed in relation to the fact that the new Multix product pays out a significantly higher proportion in prizes than the traditional games (about 90 per cent). But net games revenues (after payment of prizes) also showed that 2009 was a good year for the company.

Net profit amounted to NOK 3 024 million, a decline of NOK 270 million (8.2 per cent) from 2008. This must be seen in relation to the 2009 introduction of the Grassroots Share, which is deducted from operating revenue. The total Grassroots Share generated in 2009 was NOK 211 million. Payments from the investment fund also reduced the company's interest income. Taking the Grassroots Share and reduced interest into account, the profit for 2009 is the best in the company's history. It was in line with the budget for the year.

The company's costs increased somewhat compared with 2008. This partly reflects expenditure associated with the renewal of the player card and with establishing and rolling out the new IVTs. That will also incur costs for the company in 2010. In addition, spending on collaboration agreements, promotion and information rose from 2008. The reduced level of interest compared with 2008 also had a negative effect on the accounts.

#### Balance sheet

Norsk Tipping's total balance sheet at 31 December 2009 was NOK 4 962 million, with an equity ratio of eight per cent. The corresponding figures from 2008 were NOK 5 361 million and 19.5 per cent respectively. A lower equity ratio reflects payments to the beneficiaries from the investment fund. The low equity ratio must be seen in relation to the nature of the company, with profit from operations during the year being accumulated for payment in the following year. At the date when funds are paid to the beneficiaries, equity has been strengthened as a result of activity in the following year. Uncertainty about future developments in equity and liquidity is low for the short term. The board accordingly takes the view that Norsk Tipping has a satisfactory equity and financial position.

**Cash flow**

Games revenue represents the company's most important source of cash flow. Net cash flow from operating activities totalled NOK 3 094 million in 2009, down by NOK 458 million from the year before. Significant differences from 2008 reflect reduced profit (as a result of the Grassroots Share) and a change in claims on retailers because settlement is made by rounds of play and does not correspond exactly with the calendar year. The negative cash flow from investing activities was NOK 351 million, up from NOK 183 million from 2008. This increase reflects substantial investment related to new IVTs.

**Financial risk**

Norsk Tipping has certain transactions and minor holdings in foreign currencies, and is accordingly exposed to limited financial market risk. Currency hedging transactions matured during the year, and the company no longer has any currency hedges.

The company has credit risk related to settlements from retailers. No significant bad debts related to retailers were realised in 2009.

Norsk Tipping's liquidity position is satisfactory.

**The individual games**

Gross games revenue for the individual games is as follows.

**Lotto** – NOK 3 762 million – up NOK 165 million or 4.6 per cent.

Results for Lotto are very satisfactory, given that the market in recent years has shown declining interest in the traditional lottery games. The big prize pot which built up in Viking Lotto for week 21 also had a positive effect on the other games. Norsk Tipping also got back customers who had not played for a while and recruited new players. A very successful Lotto Festival made a further contribution to the good result.

**Viking Lotto** – NOK 1 738 million – up NOK 236 million or 15.7 per cent.

Viking Lotto had record turnover in 2009. The very good results are primarily attributed to the big growth in the lucky-number pot during the first half, yielding Norway's biggest-ever prize pot of NOK 97 million. Many new customers were recruited in this period.

The contribution to the lucky-number pot – introduced in 2004 – was raised from 29 January so that it grows more quickly than before. This has made the game more attractive.

**Joker** – NOK 821 million – up NOK 82 million or 11 per cent.

Joker is a supplement to Lotto and Viking Lotto follows the turnover curve for these games. It therefore also set a sales record.

**Extra** – NOK 950 million – down NOK 16 million or 1.7 per cent.

With all its profit going to the Norwegian Foundation for Health and Rehabilitation, this game has been showing a negative trend over

time in the form of a weaker customer base. The need for renewal strengthened further during the year. But 2009 turnover was still the second best for the game.

**Flax** – NOK 978 million – up NOK 60 million or 6.6 per cent

Flax has made progress since 2007, and is approaching the turnover record of more than NOK 1 billion set in 2004.

**Keno** – NOK 380 million – down NOK 49 million or 11.4 per cent.

Keno has established itself in the market with a stable and permanent set of customers. It reaches a rather narrower target group than intended at its 2008 launch, but steadily delivers good figures throughout the year.

**Oddsden** – NOK 1 550 million – down NOK 141 million or 8.3 per cent.

The trend is the same as in the rest of Scandinavia. One reason is that betting games face the biggest competition from foreign book-makers. Oddsden had a peak year in 2008. Declining audiences and a strong focus on financial problems and other negative conditions in Norwegian football, along with the financial crisis, could have been significant for the 2009 downturn.

**Football pools (Tipping)** – NOK 732 million – up NOK 7 million or one per cent.

The prize share increased from 50 to 55 per cent. However, this change was introduced later than planned, so that its effect could have been better. A declining trend for the pools appears to have halted.

**Total for traditional games**

This gives a total growth of NOK 343 million in gross games revenue for the traditional games. The figures show that Norsk Tipping's range has held its own in a year characterised by economic uncertainty.

**Multix**

The social report for 2007 described the introduction of the new IVTs with Multix games as the biggest reputational challenge in the company's history. At 31 December 2009, the criticism directed at the IVTs before their installation was seen to have faded. Figures from the Helpline show that the Multix games have so far made very little contribution to gaming problems. The board takes the view that regulation of the gaming market with the introduction of the IVTs has been a success, and has met the overarching goals of reducing negative consequences.

Installing the IVTs has gone more slowly than planned. Last year's annual report formulated a goal of installing 4 500 terminals in 2009. A new business plan prepared during the first half-year, based on experience during this period, reduced the target to 2 940 IVTs. The actual figure was 1 851, or 34 per cent fewer than the original plan. This is because the company has installed fewer IVTs per venue operator, and because of a delayed start to rolling them out beyond the existing

retailer network. Interest among potential venue operators in accepting the IVTs was lower than expected. But net games revenue (cashbox) from the IVTs was higher than budget, partly as a result of the launch of several new games in the second half. That boosted daily net turnover per IVT from NOK 276 in July to NOK 373 in December. The positive trend strengthened towards the end of the year and in early 2010. This development is expected to boost interest in becoming a venue operator.

The goal is to increase the number of IVTs by roughly 1 000 during 2010.

Gross turnover for Multix in 2009 was NOK 1 664 million.

**Good growth in customer numbers**

The negative trend in customer renewal came to a halt in 2009, when Norsk Tipping recruited 240 000 new customers. The total at 31 December 2009 was 1 920 881, of whom 1 843 342 had played during the year.

This result is largely attributed to the successful introduction of mandatory player registration in February, and to the recruitment and reactivation of players in connection with large prize pots – particularly the big Viking Lotto pot in May. An improved positive response among customers can also be attributed to the successful launch of the Grassroots Share and the fact that customers are using more channels and activities, such as the Lotto Festival.

**Introducing of registered gaming**

Norsk Tipping introduced mandatory player registration for all games except Flax on 23 February 2009. This means that all its customers must have a player card. The system puts Norsk Tipping in a unique position among the world's gaming companies for opportunities to adopt responsible gaming measures and detect irregularities.

The introduction of registered gaming created no problems worth mentioning, and has had little negative effect on turnover. Many Oddsden players were earlier unregistered, and the company accordingly budgeted with a decline for this game after the introduction. Registered playing of Oddsden increased by more than 20 per cent after 23 February, which was above expectations.

**Development of sales channels**

At 31 December, Norsk Tipping had 4 038 retailers nationwide. Turnover via this channel came to NOK 9 646 million. Retailers account for nine out of 10 kroner in the company's turnover. At the same time, Norsk Tipping has strengthened its position as a leading company in Norway for sales via the Internet and mobile phones. For the first time, games turnover via the web (www.norsk-tipping.no) exceeded NOK 1 billion to reach NOK 1 104 million. That represented a growth of 33 per cent from 2008. Web players have increased from about 100 000 to 230 000 over three years.

The company completed a pilot project with web partners in 2009. Players have been able to deliver games via seven websites. These sales yielded a turnover of NOK 126 million in the pilot year. Contracts were concluded in the autumn of 2009 with the first two web partners, radsoft.no and turbotipp.no.

Games sales via mobile phone grew even more strongly than via the Internet, with turnover rising 71.9 per cent to NOK 144 million.

Electronic media are important for reaching younger customer segments. The growth of these channels has had a very positive effect on the delivery of traditional games. It will be important in the further to continue simplifying the use of both Internet and mobile channels and to develop games which exploit their properties.

**Gaming at the Checkout**

Gaming at the Checkout was approved by the Ministry of Culture in February. That kicked off a very rapid roll-out. By 31 December, this sales concept was offered at 404 REMA 1000 stores. Turnover through Gaming at the Checkout totalled NOK 22.1 million, and 104 000 people bought games at the store's normal till.

Roughly two out of three stores which have adopted Gaming at the Checkout were already retailers. Analyses indicate that some 10 per cent of sales have shifted from the traditional retailer till to a grocery store checkout. This indicates that the concept has yielded additional sales. The Lotto game accounts for about half the turnover.

Analyses also indicate that people delivering games at the grocery store checkout are younger than those who use the traditional retailers.

**Grassroots Share**

Norsk Tipping introduced the grassroots share in 2009, allowing players to donate five per cent of their stake to a team or society of their choice. Results at 31 December were as follows:

Donors	520 090
Grassroots funds generated	NOK 210.0 million
Average donation per donor	NOK 406
To sports	NOK 148,3 million
To art and culture	NOK 20,4 million
To recreation and social societies	NOK 9,1 million
Other categories	NOK 33,1 million

These figures are above budget, and the board would characterise the Grassroots Share as a success. At the same time, it is important to note that a substantial growth potential exists.

**Start of building work**

Norsk Tipping's business has been conducted from Hamar since 1975. Its office building was expanded in connection with the transition to online gaming in 1992, and a new expansion was launched in 2009. This particularly reflects the need for new computer rooms.

The tendering process and construction start occurred in 2009. The board has seen nothing to suggest that the project will not be completed within the budget of NOK 225 million which it approved on 2 September 2008.



### Operations

Norsk Tipping handled about 188 million sales transactions in 2009, distributed and sold roughly 47 million Flax scratch cards and paid just over 45 million prizes.

However, a serious shutdown occurred in the autumn of 2009 because of software problems with the Keno game. Deliveries of all games were halted for about a day, but Keno was down for 10 days.

The overall gross loss is estimated at roughly NOK 20 million.

Following the incident, operating routines have been carefully reviewed and contingency, personnel-related and technical measures adopted to minimise the risk and prevent a recurrence.

### Criticism from Auditor-General

Following the departure of former chief executive Reidar Nordby Jr, the Office of the Auditor-General conducted an expanded audit of the company for the 2000-07 period. Published in June 2009, the subsequent report levelled sharp criticisms at the company. These included the Auditor-General's concern at the possibility of cross-subsidisation between Norsk Tipping and its subsidiaries. Another concerned the use of NOK 620 million by the company in 2000-07 on sponsorships without direction from the ministry. Norsk Tipping has taken action to tighten up, and a new sponsorship strategy has been adopted.

The company was also criticised for inadequate games testing routines. A dedicated policy for testing games was adopted in 2009.

Furthermore, the Auditor-General criticised the price paid for neighbouring land in order to expand the offices, and the lack of written documentation about the assessments underlying the acquisition. Norsk Tipping is convinced that the land purchases were appropriate and that the costs can be justified.

The Auditor-General also questioned the company's high costs. Norsk Tipping responded to this criticism by pointing to measures which had been initiated before the report was published, including the cost/benefit project. In addition, the Ministry of Culture was criticised as Norsk Tipping's owner for failing to provide sufficient direction on the operation of the company.

A number of the issues mentioned in the Auditor-General's report are viewed by the board as opportunities for improve

Norsk Tipping's management team in January 2010.  
From left: Jan Peder Strømslid, Peer Jacob Svenkerud, Thorbjørn Unneberg, Gro Sørbe, Torbjørn Almlid, Bjørn Helge Hoffmann, Inger Johanne Hovstein (secretary to the chief executive and head of administration), Trond Karlsen, Randi Helene Røed and Per Ove Skomakerstuen.

ment. Some of the criticisms are regarded as justified, but the board takes the view that a number of measures taken since 2007 make it unlikely that such conditions could arise today.

In December 2009, the Auditor-General presented a more detailed account of two other matters which the office had referred to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) for assessment. Økokrim decided not to initiate an investigation. The two issues concerned Norsk Tipping's relationship with suppliers of terminals and the company's previous involvement with the Future Centre Norway company.

The board regards the issues detailed by the Auditor-General in its latest report as very serious. It has decided to conduct an independent investigation of the matters identified by the Auditor-General.

#### Settlement with Nordby

Former chief executive Nordby instituted legal proceedings against Norsk Tipping over a dispute concerning the interpretation of his role as a consultant to the company under the agreement concluded upon his departure. Hedmarken District Court found for Norsk Tipping, but Nordby appealed. Before the matter was heard by the Court of Appeal, however, an out-of-court settlement was reached. Under its terms, Nordby will compete on a level footing with other providers of consultancy services to Norsk Tipping, while the company will meet his costs for a media adviser in the autumn of 2007. Both sides have paid their own legal expenses.

#### Cooperation with stakeholders

Norsk Tipping participated during the year in seminars and held meetings with various stakeholders, partners and its owner. In April, the company hosted a conference on lotteries in cyberspace organised by European Lotteries and the World Lottery Association. This attracted about 90 participants from all over the world.

The company also hosted the Nordic Security Round Table, where the security of Viking Lotto draws was one of the topics discussed.

Norsk Tipping gives weight to maintaining a close dialogue with representatives of compulsive players and researchers into compulsive gaming. The company organised the annual one-day seminar for this field of study in December. Norsk Tipping is a member of the Nordic Society for Information on Problem Gaming (SNSUS), and its representatives participated as speakers at a biennial seminar in Finland.

#### Collaboration projects

Publicising its role in financing socially beneficial causes is important for Norsk Tipping. The company is therefore a substantial sponsor and partner of appropriate organisations and societies. Its sponsorship strategy has become more purposeful. The primary aim is to identify projects where the partners and Norsk Tipping can draw particular attention to their social role and to the values both sides want to communicate. The company's collaboration agreements are worth NOK 95 million at the national level and NOK 2.8 million in the local community. In addition, Norsk Tipping is the co-organiser of the

Sports Gala. A detailed overview of the collaboration agreements is provided in the notes to the accounts and in the social report.

#### Honours

Norsk Tipping has won a number of awards, particularly in the marketing sphere. It received a first prize from European Lotteries for the best advertising film in one category during 2009. The company also received two Silver Fish for advertising films, a prize for the best radio advertisement and a number of diplomas in the Golden Pencil awards staged by Norway's Creative Forum. The Telephone, about Lotto, was one of three finalists for this year's Goldfish award. It is included among the 10 most popular Norwegian advertising films of all time.

#### Research and development

The company conducts extensive development on its own account with applications and technical solutions for the business. Most of this work is organised in the new project department. The largest development projects in 2009 and into 2010 concern further development of basic IT systems for the company's gaming business and new distribution channels for its games. Projects launched have a relatively short time frame, and most are expected to be completed within one-two years. NOK 69 million in intangible assets related to development projects was capitalised in 2009. Norsk Tipping's applications and technical solutions are a combination of internally developed and externally purchased solutions, which are integrated by a technical production team.

Solutions developed by the company are based on open standards and methods with a good standing in the market.

Norsk Tipping continuously develops its existing services as well as new applications and integration services. Major production systems have been purchased from various sources, and these are maintained by the relevant supplier. Norsk Tipping's ambition is to be a good systems integrator.

The company pays constant attention to development trends in the market, and utilises reputable and leading suppliers as sparring partners to assure itself that it is following the main trends.

Norsk Tipping cooperates with various specialist teams to increase its knowledge of money games. An invitation to tender was issued in January 2010 concerning advice on and training in responsible gaming. This assignment was awarded to Sweden's Gaming Institute (Spelinstitutet), which has also supported the company earlier with university-level expertise on responsible and compulsive gaming.

Another contract covering research collaboration on possible links between electronic money games and compulsive gaming will be put out to competitive tender in 2010.

The company will finance a new study of Norwegian gaming habits and attitudes in 2010. Similar surveys were conducted in 2005, 2007 and 2008.

Norsk Tipping is to be certified to the European Lotteries' responsible gaming standard in the autumn of 2010. Det Norske Veritas has been selected as certification partner following a competitive tendering process in February 2010.

#### Subsidiaries

Norsk Tipping owns 50 per cent of the Buypass group, which achieved a net profit of NOK 31 million in 2009. This company has developed the smart card used among other applications as Norsk Tipping's player card. Norsk Tipping received NOK 7 million in dividend from Buypass in 2009 for the 2008 operating year.

The wholly owned Fabelaktiv subsidiary made a 2009 profit of NOK 1.8 million. This company produces TV draws for Norsk Tipping, and paid it NOK 5.1 million in dividend for the 2008 operating year.

The company's other subsidiaries have insignificant activity and results.

At 31 December 2009, prices for services purchased by Norsk Tipping from its two subsidiaries had been renegotiated with effect from 1 January 2010.

Measures for documenting that no subsidisation/cross-subsidisation occurs are in focus at Norsk Tipping. Service deliveries made by the company for Fabelaktiv were renegotiated in 2009 and have thereby achieved marketing pricing with effect from 2010.

The contract with Fabelaktiv on producing TV draws expires on 1 November 2010. These services will be put out to competitive tender in the spring of 2010.

#### Sickness absence remained low

Sickness absence at Norsk Tipping was once again significantly lower than the national average, at 4.4 per cent compared with 4.2 per cent in 2008. The increase was very probably caused by the swine flu epidemic in the autumn. A concentration on preventive health work and a broad range of health-promoting measures, as well as active follow-up of people on sick leave, has yielded results.

Norsk Tipping places great emphasis on health, safety and environmental (HSE) work, and measures are followed up by a dedicated action plan. Three cases of injuries at work were reported in 2009. All were caused by falls, and led to 51 lost working days. Most of the lost time related to one of the accidents. No loss of working time from occupational ill-health was reported.

The board believes that the low sickness absence indicates that the working environment in the company is satisfactory. A number of measures adopted in connection with the reorganisation of the business involved all the employees, and were appropriate for strengthening the working environment and a sense of solidarity in the company. This work continues in 2010.

#### Equal opportunities and diversity

Employers are required to work actively, purposefully and in a

planned manner in the areas of ethnicity, disabilities and gender/equal opportunities. Norsk Tipping is accordingly publishing its first diversity report for 2009. This presents goals, status and measures within the three above-mentioned areas, as well as statistics relating to the requirements posed. No cases of discrimination were reported in 2009. Improvements since 2008 included an increase in the proportion of women in senior management, reduced gender differences in sickness absence, and a larger proportion of women than men securing new posts internally.

Among negative aspects were no increase in diversity, no recruitment of personnel from a foreign cultural background or with disabilities, and negative trends both for the gender balance and for pay equality in three out of four job categories.

Norsk Tipping will continue to pursue further improvement in the diversity field, and will work in the future to increase diversity and the number of female managers in the company as well as to focus attention on pay equality. Norsk Tipping participates in a new inter-regional project concerning the business sector as an engine for inclusion.

The company had 360 permanent employees at 31 December 2009. Women accounted for 145 of these (40 per cent), up by one from 2008, and men for 215 (60 per cent), up by nine. The proportion of women in the various job categories developed as follows from 2008 to 2009:

- senior management: up from 17 to 25 per cent
- middle management/senior specialist: up from 21 to 23 per cent
- team leaders/specialists: down from 32 to 30 per cent
- rank-and-file: up from 59 to 60 per cent.

Pay equality showed a negative trend in 2009, with women earning 93 per cent of men's pay in senior management compared with 98 per cent in 2008.

Corresponding figures were 91 per cent and 98 per cent for middle management and senior specialists, and 96 per cent and 97 per cent for team leaders and specialists.

Among rank-and-file, female earnings were 91 per cent of male pay – an increase from 92 per cent in 2008.

The main reason for the change in pay equality for middle management/senior specialists is that one female manager has moved from this category to the senior management team.

The pay equality picture was also influenced by the decision in 2009 to terminate the company car scheme with effect from 1 January 2010. Certain employees already left the scheme in 2009. A company car has been part of the contractual terms for employees, and its abolition has therefore been compensated for through an increase in annual pay. This compensation was set at a higher level than the valuation of the previous company car benefit which was added to annual pay when calculating pay equality. A majority of those who had company cars were men.

**Work on an environmental strategy**

Formulation of an environmental strategy for the company was pursued during 2009. Because of the extensive work involved in the restructuring process, however, this was not completed as planned. But the company places great emphasis on improving its efforts for the environment. In the work of implementing environmental measures in the new building now under construction, the environmental principles developed in the national Green IT project are being observed. The company will adopt an environment-friendly district heating system in the new building and utilise waste heat from the computer rooms.

Through a purposeful commitment, Norsk Tipping reduced its power consumption for the third year in a row, despite an increase in employees.

Production of coupons and Oddsens programmes satisfies a number of environmental standards, and utilises paper carrying the Nordic Ecolabel. The company reduced the number of distributed coupons from 163 million in 2008 to 152 million.

**Ethical guidelines for suppliers**

Norsk Tipping drew up ethical guidelines for suppliers during 2009. These were approved by the management team in 2010. They define standards which the company's suppliers must meet in such areas as labour and human rights, environmental protection, opposition to corruption and bribery, and marginalisation. At the same time, the company is committed to good follow-up of compliance by suppliers with the guidelines. Enforcement could take various forms, from self-certification by the supplier, through follow-up conversations, independent third-party checks of working conditions at production sites, and/or certification of the producer.

**True and fair picture**

The board is of the opinion that the annual accounts give a true and fair picture of the company's assets and liabilities, financial position and result of operations. In its view, little uncertainty attaches to the accounting results and the company's financial position.

The board takes the view that a comparison of costs related to the production of intangible assets with the expected future revenues gives an accurate picture of the results and position of the business. As a result, the accounting principle related to intangible assets has been changed. NOK 226 million in intangible assets were recorded at 31 December.

**Going concern assumption**

Pursuant to section 4-5 of the Norwegian Accounting Act, the board confirms that the going concern assumption is realistic and that the annual accounts for the company for 2009 have been prepared on this basis. The board is not aware that any circumstances have arisen since the end of the fiscal year which are significant for the annual accounts.

**Audit**

The company's accounts are audited by the Office of the Auditor-General. In accordance with approved procedures, the Office of the Auditor-General will not publish a final auditor's report until October 2010, when the results of the audit are submitted to the Storting (parliament) pursuant to section 18 of the Auditor-General Act.

**Allocation of net profit**

Profit for Health and Rehabilitation	NOK	231 924 723
Combating compulsive gaming	NOK	12 000 000
Beneficiaries	NOK	3 425 000 000
Transferred to/(from) investment fund	NOK	(645 154 123)
<b>Total allocated</b>	<b>NOK</b>	<b>3 023 770 600</b>

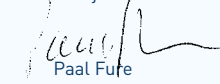
The board of directors of Norsk Tipping AS  
Hamar, 4 March 2010



Lars Sponheim  
Chair of the board



Eli Skjæret



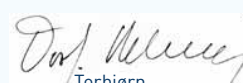
Paal Fufre



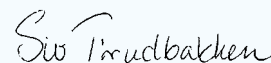
Silja Seres



Ingvild Ragne Myhre



Torbjørn  
Chief Executive Officer



Siv Tørudbakken



Petter Torgerhagen

Almid

**PROFIT AND LOSS ACCOUNT**

Amounts in NOK mill	Note	2009	2008	2007
<b>OPERATING REVENUE</b>				
Games revenue	1	12 574.7	10 578.7	10 388.4
Other operating revenue	2	188.2	140.2	128.8
<b>TOTAL OPERATING REVENUE</b>		<b>12 762.8</b>	<b>10 718.9</b>	<b>10 517.2</b>
<b>OPERATING EXPENSES</b>				
Prizes		7 322.1	5 614.8	5 510.4
Game commissions		754.3	712.9	714.2
Payroll costs	3	278.6	242.7	244.0
Depreciation and reversed write-downs	6	166.9	125.5	173.4
Grassroots share		210.9	0.0	0.0
Other operating expenses	4	1 095.9	961.3	874.7
<b>TOTAL OPERATING EXPENSES</b>		<b>9 828.8</b>	<b>7 657.1</b>	<b>7 516.7</b>
<b>OPERATING PROFIT</b>		<b>2 934.0</b>	<b>3 061.7</b>	<b>3 000.5</b>
Financial income	5	102.4	235.0	180.5
Financial expenses	5	12.6	2.9	2.9
<b>NET PROFIT</b>		<b>3 023.8</b>	<b>3 293.8</b>	<b>3 178.1</b>
<b>Net profit is allocated as follows:</b>				
Health and Rehabilitation		231.9	240.4	218.6
Measures to combat compulsive gaming		12.0	12.0	12.0
Beneficiaries		3 425.0	3 425.0	2 650.0
Transferred (from)/to investment fund		(645.1)	(446.8)	277.5
Effect of change in principle for intangible assets – transferred to investment fund		0.0	63.2	20.0
<b>Total allocated</b>		<b>3 023.8</b>	<b>3 293.8</b>	<b>3 178.1</b>

## BALANCE SHEET

Amounts in NOK mill	Note	2009	2008	2007
<b>ASSETS</b>				
<b>Fixed assets</b>				
<b>Intangible assets</b>				
Intangible assets	6	226.1	189.3	126.0
<b>Total intangible assets</b>		<b>226.1</b>	<b>189.3</b>	<b>126.0</b>
<b>Tangible fixed assets</b>				
Land, buildings and other real property	6	81.3	67.0	56.3
Vehicles/computer systems/terminals/other fixtures	6	379.7	247.1	262.9
<b>Total fixed assets</b>		<b>461.0</b>	<b>314.0</b>	<b>319.2</b>
<b>Financial fixed assets</b>				
Investment in subsidiaries	7	6.2	6.2	2.9
Investment in associated companies	7	19.0	23.3	20.7
Investment in other companies		0.2	0.2	0.2
Loans to associated companies	8	2.7	6.9	15.5
Other long-term receivables	9	26.0	24.6	16.5
<b>Total financial fixed assets</b>		<b>54.0</b>	<b>61.2</b>	<b>55.8</b>
<b>Total fixed assets</b>		<b>741.2</b>	<b>564.5</b>	<b>501.1</b>
<b>Current assets</b>				
<b>Stock of goods for sale</b>				
Stock of goods for sale	10	13.2	24.6	12.6
<b>Receivables</b>				
Claims on retailers	11	143.1	7.7	147.5
Other receivables	12	42.9	35.9	31.7
<b>Total receivables</b>		<b>186.0</b>	<b>43.6</b>	<b>179.2</b>
<b>Bank deposits, cash in hand, etc</b>				
Bank deposits, cash in hand, etc		4 022.0	4 728.4	4 559.9
<b>Total current assets</b>		<b>4 221.2</b>	<b>4 796.6</b>	<b>4 751.7</b>
<b>TOTAL ASSETS</b>		<b>4 962.4</b>	<b>5 361.1</b>	<b>5 252.8</b>


## BALANCE SHEET

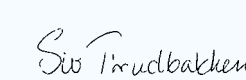
Amounts in NOK mill	Note	2009	2008	2007
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	13	0.2	0.2	0.2
Investment fund	14	398.3	1 043.5	1 777.0
<b>Total equity</b>		<b>398.5</b>	<b>1 043.6</b>	<b>1 777.2</b>
<b>Liabilities</b>				
<b>Provisions</b>				
Pension commitments	18	91.5	61.1	48.0
<b>Total provisions</b>		<b>91.5</b>	<b>61.1</b>	<b>48.0</b>
<b>Other long-term liabilities</b>				
Funds – games	15	370.6	334.7	298.1
<b>Total other long-term liabilities</b>		<b>370.6</b>	<b>334.7</b>	<b>298.1</b>
<b>Total long-term liabilities</b>		<b>462.1</b>	<b>395.9</b>	<b>346.1</b>
<b>Current liabilities</b>				
Accounts payable		74.9	78.8	77.4
Prize liabilities		48.9	50.6	77.9
Prepaid wagers		165.1	153.7	162.8
Unpaid government charges and special taxes		31.8	27.2	25.6
Other current liabilities	16	329.3	160.9	114.3
Remaining profit for payment	17	3 451.9	3 450.5	2 671.6
<b>Total current liabilities</b>		<b>4 101.8</b>	<b>3 921.6</b>	<b>3 129.6</b>
<b>Total liabilities</b>		<b>4 563.9</b>	<b>4 317.5</b>	<b>3 475.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 962.4</b>	<b>5 361.1</b>	<b>5 252.8</b>

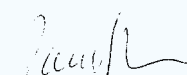
Hamar, 4 March 2010

  
 Lars Sponheim  
 Chair of the Board

  
 Eli Skjæret


  
 Silja Seres

  
 Siv Tørudbakken

  
 Paal Fure

  
 Ingvild Ragna Myhre

  
 Petter Torgerhagen

  
 Torbjørn Almlid  
 Chief Executive Officer



## CASH FLOW STATEMENT

Amounts in NOK mill	2009	2008	2007
<b>Cash flow from operating activities</b>			
Net profit	3 023.8	3 293.8	3 178.1
Gain on sale of fixed assets	(0.1)	(0.9)	(1.0)
Depreciation of investments	166.9	125.5	173.4
Change in claims on retailers	(135.4)	139.8	(114.4)
Change in other current receivables, current assets and stock of goods for sale	4.4	(16.3)	(3.4)
Change in accounts payable	(3.9)	1.4	2.5
Change in pension commitments	30.4	13.1	38.2
Change in other long-term receivables	7.1	(5.4)	13.8
<b>Net cash flow from operating activities</b>	<b>3 093.1</b>	<b>3 551.0</b>	<b>3 287.2</b>
<b>Cash flow from investing activities</b>			
Receipts from sale of tangible fixed assets	0.1	9.6	3.2
Payments on purchase of tangible fixed assets	(350.7)	(192.2)	(100.3)
<b>Net cash flow from investing activities</b>	<b>(350.5)</b>	<b>(182.6)</b>	<b>(97.1)</b>
<b>Cash flow from financing activities</b>			
Net change in long-term liabilities	35.9	36.6	31.6
Net change in current liabilities	182.7	11.8	103.7
Net change in investment fund	(645.2)	(852.0)	277.6
Payments and allocations	(3 022.3)	(2 396.4)	(3 009.1)
<b>Net cash flow from financing activities</b>	<b>(3 448.9)</b>	<b>(3 200.0)</b>	<b>(2 596.2)</b>
Net change in cash holdings	(706.3)	168.5	593.9
Cash reserves at 1 Jan	4 728.4	4 559.9	3 966.0
<b>Cash reserves at 31 Dec</b>	<b>4 022.1</b>	<b>4 728.4</b>	<b>4 559.9</b>

Norsk Tipping AS uses the indirect model when preparing its cash flow statement.

## NOTES

Unless otherwise specified, all amounts are in NOK 1 000.

## ACCOUNTING PRINCIPLES

## General

Norsk Tipping is subject to the Norwegian Gaming Act of 28 August 1992 no 103. The Act states that a company wholly-owned by the state will act as the gaming enterprise. The government determines the articles of association, appoints the board of directors, and issues instructions for the board. The board is charged with ensuring that the business is pursued in accordance with the company's object and guidelines. The board is responsible for ensuring the satisfactory organisation and management of the company and that such matters as registration and asset management are subject to adequate controls.

After possible allocations to reserves, Norsk Tipping's profits for 2009 will be distributed in 2010 between sports, culture and non-sporting voluntary and humanitarian organisations. In addition, the Ministry of Culture can allocate up to 0.5 per cent of the gaming profit to research on, information about, and prevention and treatment of compulsive gaming. Profits from Extra go to the Norwegian Foundation for Health and Rehabilitation.

The accounts are compiled in accordance with the Norwegian Accounting Act of 1998, with such modifications as follow from Norsk Tipping's particular status pursuant to the Gaming Act. The accounts are presented in accordance with Norwegian accounting standards and Norwegian generally accepted accounting principles. The subsidiaries prepare their accounts in accordance with the Accounting Act without modifications.

The subsidiaries are not consolidated in Norsk Tipping's accounts, since they are regarded as insignificant in this context.

## The Companies and Accounting Acts

Pursuant to the Gaming Act, Norsk Tipping AS is not subject to the provisions of the Norwegian Companies Act.

The company complies with the provisions of the Accounting and Companies Acts with the following significant exceptions:

– Accrual of games revenue and associated costs (prizes and game commissions) does not correspond fully with the calendar year. Games-related revenues and costs in 2009 embraced 53 rounds of play/weeks. 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. Commission is treated in the same way.

– Equity comprises share capital and the investment fund. The payout of profits from the company does not comply with the rules on dividend and associated restrictions on the maximum size of dividend in section 8-1 of the Companies Act.

## Principles for accruals and valuations

In accordance with generally accepted accounting principles, the accounts have been prepared on the basis of the transaction, earned income, matching and all-inclusive income principles. Best estimates are used in cases of uncertainty. The accounts follow the calendar year, with the exception of games-related items. Dividends received from subsidiaries are recognised in the year in which the dividends are approved at the subsidiary's annual general meeting.

## Classification of assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables falling due within one year are classified as current assets. Corresponding rules are applied for the classification of long-term and current liabilities.

## Tangible fixed assets

Fixed assets are recorded in the accounts at their purchase cost, with deductions for planned depreciation. Depreciation is charged on a straight-line basis over the expected useful life of the assets. Composite fixed assets are decomposed when the various components have different useful lives. Tangible fixed assets are tested to determine whether any fall in value has occurred. Should the book value of an asset be higher than its fair value, for reasons which are not expected to be temporary, the asset will be written down to its fair value. Costs related to normal maintenance and repairs are expensed on a continuous basis. The cost of major replacements and renewals which significantly extend the useful life of a tangible fixed asset is capitalised.

## Receivables

Accounts receivable and other receivables are valued at face value after deducting provisions for expected bad debts. Realised losses are expensed on a continuous basis.

## Stock of goods for sale

Stock is valued in the accounts at the lower of purchase cost and expected sales price. A deduction is made for obsolescence.

## Foreign exchange

Assets, receivables and liabilities in foreign currencies have been valued on the basis of the Bank of Norway's reference rates at 31 December. Currency gains and losses are recorded under financial items.

**Pension commitments and costs**

Employees are members of the Norwegian Public Service Pension Fund, and the company's share of the premium is recorded in the annual accounts under payroll costs.

The company has pension schemes which entitle employees to defined future pension benefits, called defined benefit plans. Pension commitments are calculated on a straight-line earning of pension benefits on the basis of assumptions concerning the number of years of pensionable service, the discount rate, future returns on pension assets, future salary adjustments, pensions and benefits from the National Insurance system and actuarial assumptions concerning mortality, voluntary retirement and so forth. Pension assets are valued at fair value. Net pension commitments comprise gross pension commitments less the fair value of pension assets. Net pension commitments in underfunded schemes are recorded in the balance sheet as long-term interest-free liabilities, while net pension assets in overfunded schemes are recorded as long-term interest-free receivables if it is likely that the overfunding can be utilised.

Changes to plans with retrospective effect which are conditional on future earnings are allocated on a straight-line basis over the period until the benefit has been fully earned. Changes in commitments and pension assets owing to changes in and variances from the technical assumptions (estimate changes) are allocated over the estimated average remaining earnings period if the variances exceed 10 per cent of gross pension commitments/assets.

Net pension costs, which are gross pension costs less the estimated returns on pension assets and corrected for the allocated effect of changes in estimates and pension plans, are classified as an ordinary operating expense and presented as a payroll cost.

Agreements concluded on pensions funded from operations and other pension agreements are expensed in their entirety under payroll costs in the year when the agreement is established.

**Tax**

Norsk Tipping AS is exempt from taxation.

**VAT**

Norsk Tipping's ordinary operations are not subject to value added tax, while costs and investments include VAT.

**Change of principle – intangible assets**

The company observes the special valuation rule in the section 5-6 of the Accounting Act for expensing basic research and development costs. Historically, all the company's development costs related to its development of proprietary software, brand names, distribution channels and systems have been treated as research and development and thereby expensed in accordance with the chosen accounting principles.

With effect from fiscal 2009, the company has changed its valuation principle for classifying research and development costs. Under the

new valuation principle, costs for development of proprietary software, brand names, distribution channels and systems are subject to an assessment of how far the company builds up intangible assets through this expenditure which, pursuant to the preliminary Norwegian Accounting Standard (NRS(F)) on intangible assets, must be capitalised and amortised over their expected useful life in accordance with the matching principle.

The effect of this change in principle must be charged to equity pursuant to section 4-3 of the Accounting Act. That part of the expensed costs which could have been capitalised, corrected for subsequent amortisation, is capitalised in the opening balance with retained earnings (the investment fund) as the counterpart entry.

The effect of the change in principle is an increase of NOK 189.3 million in the intangible assets balance sheet item at 1 January 2009, with the investment fund item as the counterpart entry.

**Change of principle – interest costs**

Historically, internal interest rates on the investment fund have been charged as interest costs pursuant to the guidelines for funds in Norsk Tipping adopted by the Ministry of Culture. The interest rate applied is the same as the rate obtained by Norsk Tipping at any given time on its deposits in the Bank of Norway. From 2009, the interest rates applied to the investment fund are calculated under allocations in the profit and loss account. See also note 14.

**Restatement of comparative figures**

Pursuant to section 6-6 of the Accounting Act, comparative figures for 2007 and 2008 have been restated in accordance with the new application of accounting principles.

**Note 1 Games revenue**

The individual games have had the following revenues and development over the past three years:

Games	2009	2008	2007
Lotto	3 761 733	3 596 757	3 871 522
Viking Lotto	1 737 657	1 502 037	1 560 032
Joker	821 001	739 490	803 507
Tipping	732 234	725 235	740 452
Oddsens	1 549 594	1 690 224	1 585 240
Flax	977 847	917 467	866 900
Keno	380 136	429 262	86 510
Multix	1 664 016	11 489	-
<b>Norsk Tipping's games</b>	<b>11 624 218</b>	<b>9 611 961</b>	<b>9 514 163</b>
Extra	950 452	966 723	874 207
<b>Total games revenue</b>	<b>12 574 670</b>	<b>10 578 684</b>	<b>10 388 370</b>

Games revenue spanned 53 playing weeks in 2009.

NOK 97.1 million in total revenue from 29-31 December 2008 is included in the accounts for 2009, together with a total of NOK 57 million in associated costs (prizes and commissions).

NOK 107.1 million in total revenue for 1-3 January 2010 is included in the accounts for 2009, together with a total of NOK 62.1 million in associated costs (prizes and commissions).

**Note 2 Other operating revenue**

	2009	2008	2007
Operator's fee for Health and Rehabilitation	87 971	91 211	82 916
Player card sales	83 336	21 567	18 903
Transfers from funds, Extra game	-	8 000	8 000
Miscellaneous revenues	16 859	19 399	18 999
<b>Total</b>	<b>188 166</b>	<b>140 177</b>	<b>128 818</b>

**Note 3 Payroll costs**

	2009	2008	2007
Pay and fees	192 437	175 027	160 472
Payroll tax	30 280	27 793	24 817
Pension costs	51 933	33 053	54 660
Other social costs	3 922	6 814	4 007
<b>Total</b>	<b>278 572</b>	<b>242 687</b>	<b>243 956</b>
Benefits in kind	10 395	10 531	8 378

Remuneration of leading personnel in 2009	CEO	Board
Pay and fees	1 874	880
Other allowances	22	
Pension costs	212	

The board of directors determines the total annual remuneration and other conditions of employment for the chief executive, while the Ministry of Culture determines the total remuneration of directors.

The previous chief executive is entitled to 60 per cent of his pay from the age of 62 and thereafter 65 per cent from the age of 65 until the age of 67. The previous executive vice president for the period 1998-2004 is entitled to 66 per cent of his pay from his departure at the age of 64 until the age of 67. A total of 13 present (including the chief executive) and former employees in senior positions with a salary of more than 12 times the National Insurance base amount (G) are covered by a collective retirement pension which entitles them to 66 per cent of their salary from the age of 67 and other benefits. See otherwise unfunded pension agreements in note 18.

In addition, the chief executive has entered into an agreement on a pension corresponding to 66 per cent of 12G from the age of 65.

The company's funded pension plans satisfy the requirements of the Act on Mandatory Occupational Pensions.

The chair receives a fee of NOK 200 000, the deputy chair receives NOK 130 000, other directors receive NOK 110 000 and alternate directors receive NOK 6 000 per board meeting attended.

The company has no bonus schemes for either senior executives or other employees.

The number of work-years in 2009 was 362, compared with 349 in 2008.

The chief executive has an agreement on a termination benefit corresponding to three months pay in the event of ordinary notice before the age of 65 or 12 months pay in the event of dismissal. Should he/she be appointed to a new post or receive income from business activities, the termination benefit after the first three months will be reduced proportionately. No agreements otherwise exist concerning special benefits in the event of resignation or the like for other employees of Norsk Tipping AS.

No auditing fees or other forms of remuneration were paid to the auditor (the Auditor General).

#### Note 4 Other operating expenses

	2009	2008	2007
Operation of facilities and computer systems	129 829	96 715	94 102
Telecommunications	57 363	53 540	52 901
Advertising	173 682	160 426	163 476
Cooperation deals, promotion/information	144 906	131 771	125 026
Costs of Norwegian Gaming Board	40 636	38 649	8 705
Costs related to player cards	56 151	16 614	16 099
Operator costs for Health and Rehabilitation	87 971	91 211	82 916
Consultancy support and fees	72 751	76 013	49 383
Distribution and freight costs	33 838	31 711	29 861
Printed materials and stationery	56 729	52 958	57 015
Telecommunications operator costs	132 946	103 311	94 477
TV production	20 897	24 440	17 986
Other costs	88 245	83 943	82 795
<b>Total</b>	<b>1 095 945</b>	<b>961 301</b>	<b>874 741</b>

#### Sponsorship agreements

The item on cooperation deals, promotion and information includes sponsorship agreements.

Norsk Tipping's sponsorship strategy aims to build alliances and to highlight a community of values with selected partners and their stakeholders. These collaboration projects will help to increase knowledge about the contribution made by the company's profits and to reinforce the company's image in the community. That helps to strengthen customer loyalty.

Norsk Tipping's new sponsorship strategy is concentrated on fewer sponsorship/collaboration agreements, which will primarily be national. Local sponsorship has been substantially reduced. Like all large companies, however, Norsk Tipping also has a shared responsibility to help provide those who live and work in its immediate vicinity with entertainment and activities.

	2009
<b>National</b>	
Football Association of Norway/Norwegian Elite Football	64 000
Norwegian Confederation of Sports (project oriented)	12 500
Norwegian Music Equipment Programme (Music Box)	7 500
Norwegian Ice Hockey Association	4 000
Norwegian Handball Federation	3 100
Norwegian Council for Music and Art Schools (incl Dream Grant)	1 700
Norwegian Band Federation	1 500
Other national sponsorship deals and support advertising	1 310
<b>Total national sponsorship agreements</b>	<b>95 610</b>
<b>Local sponsorship agreements (eastern Norway)</b>	
HamKam Elite Football	500
Storhamar Dragons	450
Other local sponsorship deals and support advertising	1 810
<b>Total local sponsorship agreements (eastern Norway)</b>	<b>2 760</b>
<b>Total sponsorships agreements</b>	<b>98 370</b>

Norsk Tipping leases a box at the Norwegian National Opera & Ballet at an annual cost of NOK 1.3 million. The box is used for meetings.

Norsk Tipping is a co-organiser of the Sports Gala together with the Norwegian Broadcasting Corporation and the Norwegian Confederation of Sports. The cost in 2009 was NOK 2.3 million.

#### Note 5 Financial income and expenses

	2009	2008	2007
Interest income	86 115	226 396	177 431
Other financial income	118	2 189	770
Financial income subsidiaries and associates	12 100	4 102	1 182
Gain on currency	4 026	2 378	1 102
<b>Total financial income</b>	<b>102 359</b>	<b>235 065</b>	<b>180 485</b>
	2009	2008	2007
Interest expenses	158	253	279
Other financial expenses	5 781	321	82
Loss on currency	6 690	2 286	2 558
<b>Total financial expenses</b>	<b>12 629</b>	<b>2 860</b>	<b>2 919</b>

To ensure predictability for net cash flow and to maintain a low risk profile, Norsk Tipping has utilised currency hedging for important transactions. The board of directors has approved this practice. At 31 December 2009, the company had no forward foreign exchange contracts. Hedge accounting accords with generally accepted accounting principles in this area.

## Note 6 Fixed assets

	Intangible assets	Vehicles	Computer systems/ machines/fixtures	Land/buildings/ other real property	Total
Acquisition cost at 31 Dec 2008	-	5 656	1 178 047	208 935	1 392 638
Change of principle intangible assets	243 387	-	-	-	243 387
Acquisition cost at 1 Jan 2009	243 387	5 656	1 178 047	208 935	1 636 025
Disposals for the year	-	924	3 023	-	3 947
Acquisitions for the year	69 264	89	267 657	13 678	350 688
<b>Acquisition cost at 31 Dec 2009</b>	<b>312 651</b>	<b>4 821</b>	<b>1 442 681</b>	<b>222 613</b>	<b>1 982 766</b>
Accumulated ordinary depreciation and write-downs	86 513	4 689	1 063 100	141 331	1 295 633
<b>Book value at 31 Dec 2009</b>	<b>226 138</b>	<b>132</b>	<b>379 539</b>	<b>81 324</b>	<b>687 133</b>

### Leasing costs for 2009:

Vehicles (lease period 3-5 years)	4 655
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In addition, the company has certain insignificant expensed leases relating to office machines and equipment.

	2009	2008	2007
<b>Depreciation and amortisation</b>			
Intangible assets	32 480	20 100	16 971
Vehicles	259	706	1 764
Computer systems/machines/fixtures	134 829	107 730	149 659
Land, buildings and other real property*	(657)	4 926	4 983
<b>Total depreciation</b>	<b>166 911</b>	<b>133 462</b>	<b>173 377</b>
Reversed write-downs**	-	8 014	-
<b>Total reversed write-downs</b>	<b>-</b>	<b>8 014</b>	<b>-</b>
<b>Total depreciation and write-downs</b>	<b>166 911</b>	<b>125 448</b>	<b>173 377</b>

\* The company has earlier acquired land and property intended for future expansion of the company's premises at Hamar. Parts of this acquisition relates to built-up land, where the intention was that part of the buildings should be demolished and replaced by a new building. In the period from the acquisition and until 2008, this site has been depreciated on a straight-line basis over 20 years. Part of the acquisition relates in reality to the acquisition of land as well as buildings which were to be demolished to provide space for a new building. On that basis, the earlier depreciation related to the land has been reversed in 2009. This correction meant that depreciation of the land, buildings and other real property group was reduced by NOK 4.7 million in 2009.

\*\* Reversal of write-downs is based on an assessment of fair value. The reversal in 2008 reflects an agreement to sell tangible fixed assets which had previously been written down, where the size of the sale amount forms the basis for assessing fair value.

### Depreciation plan

	Intangible assets	Vehicles	Computer systems/ machines/fixtures	Land/building/ other real property
Useful life	3-7 year	5 year	3-6 year	20-25 year
Depreciation plan	Straight-line	Straight-linje	Straight-line	Straight-line

Specification of intangible fixed assets	Book value 31.12.2009
Proprietary IT infrastructure	21 784
Brands/games	16 808
Distribution channels	187 546
<b>Total intangible assets</b>	<b>226 138</b>

The largest development projects in 2009 involved work related to the new interactive video terminals (IVTs), grassroots share and gaming at the checkout. All capitalised projects are expected to yield positive cash flows over their lifetime. As a result, no write-down has been applied to the value of any of the projects.

## Note 7 Investment in subsidiaries and associated companies

Company	Year of acquisition	Business office	Shareholding	Voting share	Cost price of holding	Book value
<b>Subsidiaries</b>						
Fabelaktiv AS	2000	Hamar	100%	100%	6 000	6 000
Norsk Tipping Nettnavn AS	2004	Hamar	100%	100%	110	110
Norsk Tipping Domene AS	2008	Hamar	100%	100%	106	106
<b>Total subsidiaries</b>					<b>6 216</b>	<b>6 216</b>
<b>Associated companies</b>						
Buyinvest AS, being wound up	2006	Oslo	50%	50%	19 011	19 011
NT DS AS	2009	Oslo	100%	100%	4 269	0
<b>Total associated companies</b>					<b>23 280</b>	<b>19 011</b>
<b>Total</b>					<b>29 496</b>	<b>25 227</b>

Pursuant to section 3, sub-section 8, paragraph two of the Norwegian Accounting Act, Fabelaktiv AS, Norsk Tipping Nettnavn AS and Norsk Tipping Domene AS are not consolidated in Norsk Tipping's accounts. They have been excluded because their accounts are regarded as insignificant for assessing the financial position and results of Norsk Tipping.

The accounts for Fabelaktiv show a profit of NOK 1.8 million and an equity of NOK 6.9 million. Dividend of NOK 5.1 million for 2008 was recognised in the Norsk Tipping accounts for 2009, while a provision of NOK 2.6 million to cover dividend for 2009 has been made in the Fabelaktiv accounts.

The accounts for Norsk Tipping Nettnavn show a profit of NOK 5 000 and an equity of NOK 133 000.

The accounts for Norsk Tipping Domene show a profit of NOK 2 000 and an equity of NOK 107 000.

The accounts for the Buypass group show a profit of NOK 31 million and an equity of NOK 82 million. The Buypass board has proposed a provision of NOK 25 million to cover dividend. Dividend for 2009 will be disproportionately allocated such that 70 per cent falls to Norsk Tipping (shareholding 50 per cent)

Norsk Tipping's former shareholding in Buyinvest AS has been demerged into a new company, NT DS AS. The annual accounts show zero profit and an equity of NOK 2.7 million. Since the company's assets are worth less than a subordinated loan from the owner, the value of the shareholding has been written down to zero.

**Note 8 Intercompany balances**

	2009	2008	2007
Subordinated loans*	2 712	3 000	11 914
Long-term loans	-	3 896	3 633
<b>Total intercompany balances</b>	<b>2 712</b>	<b>6 896</b>	<b>15 547</b>

	2009	2008	2007
Current debt to group companies	2 003	563	4 407
Current receivables from group companies	-	-	-

\* Subordinated loans in 2009 relate to the loan to NT DS AS. The loan totals NOK 3 million. The receivable has been written down to its fair value.

**Note 9 Other long-term receivables**

	2009	2008	2007
Long-term loans to employees*	25 882	24 498	16 312
Other receivables	74	113	229
<b>Total</b>	<b>25 956</b>	<b>24 611</b>	<b>16 541</b>

\* The company offers mortgage loans to employees on the same terms as those applied by the Norwegian Public Service Pension Fund.

**Note 10 Stock of goods for sale**

The stock of goods for sale comprises purchased goods for the shop and canteen. This item is valued at the lower of purchase cost and estimated sales price.

**Note 11 Claims on retailers**

Norsk Tipping settles its retailer accounts in arrears at the end of each week, and outstanding receivables are treated as on-going balances. The change in claims on retailers arises because of the settlement for week 52 in 2008 was credited before the end of the year, while the settlement for week 53 in 2009 was credited in 2010.

Norsk Tipping had 4 038 retailers at 31 December.

**Note 12 Other receivables**

This item comprises pre-paid/accrued costs and other receivables falling due less than 12 months from the end of the fiscal year.

It also includes NOK 5.9 million in short-term loans/advances to employees with a maturity of up to four years.

**Note 13 Share capital**

The company's share capital comprises three shares, each with a nominal value of NOK 50 000.

These are wholly owned by the state, represented by the Ministry of Culture.

**Note 14 Investment fund**

Pursuant to the Gaming Act, an investment fund has been created with a view to building up funds for new infrastructure and other future requirements relating to large projects and/or investments.

	2009	2008	2007
Investment fund at 1 Jan	1 043 451	1 776 921	1 373 379
Effect of change in principle intangible assets	-	63 295	126 048
Addition from net profit	-	-	277 494
Transfer to year's profit for distribution	(645 154)	(446 765)	-
<b>Paid to voluntary and humanitarian organisations with slot machine revenues</b>	<b>-</b>	<b>(350 000)</b>	<b>-</b>
<b>Total at 31 Dec</b>	<b>398 297</b>	<b>1 043 451</b>	<b>1 776 921</b>

To ensure revenues for the socially beneficial and humanitarian organisations which previously had slot machine income and to maintain the level of income for the existing beneficiaries, the Ministry of Culture (KUD) decided that an additional NOK 350 million should be paid from Norsk Tipping's investment fund during 2008.

Pursuant to the guidelines for Norsk Tipping's funds adopted by the KUD, interest on the capital will be added to the investment fund. This interest has been calculated under allocations in the profit and loss account. Interest added to the investment fund corresponded to NOK 13.5 million in 2009.

In addition to the ordinary gaming profit for 2009, the KUD has also decided on a transfer from Norsk Tipping's investment fund which brings the total profit for distribution via the distribution formula to NOK 3 425 million. This means a net transfer of NOK 645.1 million from the investment fund in 2009. (Source: Proposition no 1 to the Storting for 2009-10.)

**Note 15 Funds – games**

Each game except Keno and Multix has its own fund. The table below shows the balance for each game/fund.

Games	2009	2008	2007
Lotto	22 153	30 765	29 393
Viking Lotto	148 483	130 871	114 838
Joker	31 531	25 570	22 529
Tipping	2 976	955	5 516
Oddsen	2 519	3 721	3 128
Flax	161 669	139 259	112 584
<b>Total NT games</b>	<b>369 331</b>	<b>331 141</b>	<b>287 988</b>
Extra	1 266	3 590	10 127
<b>Total</b>	<b>370 597</b>	<b>334 731</b>	<b>298 115</b>

The funds are built up from that part of the prize amount which is not paid out because prizes are rounded down, and from prescribed prizes in each game. See the rules of each game. The funds are applied in accordance with the company's detailed rules to pay out legitimate prizes claimed later than three months after the draw, for prizes awarded after accepted complaints, missed prizes and so forth, for revenue-boosting activities such prize supplements, additional prizes (including physical/travel prizes) in connection with ordinary or extra draws/rounds, and for marketing of the respective games.

Guidelines governing the funds are established by the Ministry of Culture.

## Note 16 Other short-term liabilities

	2009	2008	2007
Deposits from retailers	11 354	7 380	4 851
Bonus pot/Million Chance	18 184	10 033	14 622
Holiday pay due	19 926	17 761	16 065
Liabilities player accounts	160 031	118 281	67 215
Grassroots share payable	98 413		
Accruals	21 387	7 413	11 583
<b>Total at 31 Dec</b>	<b>329 295</b>	<b>160 868</b>	<b>114 336</b>

## Note 17 Remaining profit for distribution

With effect from 1 January 2009, profit from Norsk Tipping's games will be distributed in accordance with a new distribution formula approved by the Storting in 2003, with 45.5 per cent for sports, 36.5 per cent for culture and 18 per cent to non-sporting socially beneficial and humanitarian organisations.

In addition, the Ministry of Culture can allocate up to 0.5 per cent of the profit to research on, information about, and prevention and treatment of compulsive gaming.

Profit from the Extra TV game goes to Health and Rehabilitation.

Total profit 2009	3 023 771
Profit for Health and Rehabilitation	231 925
<b>Profit NT games</b>	<b>2 791 846</b>
Transferred from investment fund	645 154
Available for distribution	3 437 000
Profit for Health and Rehabilitation	231 925
Payment on account 2009	217 000
Payable to Health and Rehabilitation	14 925
<b>Remaining profit for distribution</b>	<b>3 451 925</b>

### Which is divided as follows:

Remaining profit to Health and Rehabilitation	14 925
Measures related to problem gaming	12 000
For beneficiaries	3 425 000
<b>Remaining profit for distribution</b>	<b>3 451 925</b>

## Note 18 Pension commitments

Norsk Tipping AS has both funded (financed via fictitious assets in the Norwegian Public Service Pension Fund – SPK) and unfunded pension schemes. The funded pensions schemes are managed by the SPK. See the more detailed presentation of the schemes below. The unfunded schemes relate to collective retirement pension agreements for present and former employees in senior positions with an annual salary of more than 12 times the National Insurance base amount (G), and two pension agreements for former senior executives.

The company also entered into agreements in 2005 and 2006 on pensions funded from operations in the event of the relevant employee's departure as a result of organisational changes.

### Norwegian Public Service Pension Fund – SPK

Description of the scheme

Norsk Tipping AS has a collective pension scheme for its employees in the Norwegian Public Service Pension Fund. The scheme provides benefits pursuant to the Norwegian Act concerning the Public Service Pension Fund (the Pensions Act). Benefits provided are retirement, disability, spouse and child pensions. In addition comes the calculation of benefits from the age of 62 under the AFP early retirement scheme for the public sector. Pension benefits are coordinated with National Insurance benefits. The company's share of the premium is charged annually in the accounts under payroll costs.

Premiums and the value of pension commitments for the SPK pension scheme are calculated on the basis of actuarial assumptions. However, the scheme is not funded. Pension payments are guaranteed by the state (pursuant to section 1 of the Pensions Act). A management of the pension assets ("fictitious assets") is simulated as if the assets were placed in long-term government bonds. The pension fund cannot be transferred in the same way as a private pension scheme, and this calculation assumes that the scheme will remain in the SPK. The simulation assumes that the bonds are held until their expiry date. Pension assets are accordingly valued at the book value.

### Result for unfunded and funded pension schemes:

Pension costs	2009	2008	2007
Present value of pension earnings for the year	29 994	20 087	18 637
Interest costs of pension commitments	17 174	16 679	15 162
Return on pension assets	(10 374)	(12 026)	(10 808)
Employee contributions to pension scheme	(3 399)	(3 049)	(2 808)
Administrative costs	527	412	377
Net pension costs before amortisation	33 922	22 103	20 560
Recorded effect of estimate variances	6 581	4 097	4 693
Accrued payroll tax <sup>1</sup>	6 189	4 124	3 957
<b>Net pension costs for funded schemes</b>	<b>46 692</b>	<b>30 324</b>	<b>29 210</b>
Employed people included in the calculation	362	332	329

<sup>1</sup> Payroll tax is the net defined benefit pension commitment multiplied by the prevailing percentage for employer's National Insurance contributions. Net actuarial gains and losses not recorded in the balance sheet include payroll tax.

	Unfunded	Funded	31.12.08	31.12.07
Calculated pension commitments	27 996	421 204	385 191	306 322
Payroll tax	3 948	26 387	22 640	14 544
Pension assets [at market value]	0	(234 064)	(224 620)	(203 175)
Net accrued pension commitments	31 944	213 527	183 211	117 691
Unrecorded effect of estimate variations	0	(161 035)	(158 670)	(105 429)
<b>Net pension commitments</b>	<b>31 944</b>	<b>52 492</b>	<b>24 541</b>	<b>12 262</b>

Financial assumptions:	2009	2008
Discount rate	4.40%	4.50%
Expected pay adjustments	4.25%	4.50%
Expected change in NI base amount	4.00%	4.25%
Expected return on assets	5.60%	4.50%

Financial assumptions are based on the Norwegian Accounting Standard (NRS(V)) on pension assumptions of September 2009.

Actuarial assumptions concerning demographic factors and retirement are based on assumptions normally applied in the insurance business.

#### Unfunded pensions and pensions funded from operations

The company has three unfunded pension agreements as mentioned in note 3, as well as agreements with employees on pensions funded from operations in connection with their departure from the company. Agreements on pensions funded from operations cover seven employees and give the right to 66 per cent of pay until the age of 67.

Four employees currently receive discretionary pensions from the company until the age of 67.

	Unfunded agreements	Funded from ops
Provision 1 Jan	27 464	9 133
Provision/expense during the period	4 928	500
Paid in 2009	448	2 572
<b>Commitment 31 Dec</b>	<b>31 944</b>	<b>7 061</b>

The provision/expense for the period has been expensed in its entirety in the accounts for 2009.

#### Total pension commitments at 31 Dec 2009

Unfunded pension plans	31 944
Funded pension plans	52 492
Pensions financed from operations	7 061
<b>Total pension commitments</b>	<b>91 497</b>

## AUDITOR'S REPORT



Executive office:  
Kristin Sletten, +47 62 55 12 85  
Our date: 4 March 2010  
Our reference: 1.6 2009/02082 KSL/gre  
Filing code: 680  
Your date: Your reference:

Norsk Tipping AS  
2325 Hamar

#### Audit of the accounts of Norsk Tipping AS for 2009

The Office of the Auditor General has audit responsibility for Norsk Tipping, cf. the Act relating to gambling games etc. section 7. On concluding the annual audit, the Office of the Auditor General issues a concluding audit letter (report), which contains the conclusions of the audit. The audit letter is not made public until the Office of the Auditor General has reported the results of the audit to the Norwegian parliament, the Storting, cf. the Act relating to the Office of the Auditor General section 18.

The accounts of Norsk Tipping AS have been audited, and the board of directors has been informed about the results of the audit.

Yours sincerely

  
Aina Helena Garathun  
Deputy Director General

  
Kristin Sletten  
Assistant Director General

## GAMES REVENUE 2009

Amounts in NOK mill

COUNTY	LOTTO	VIKING LOTTO	JOKER	KENO	TIPPING	ODDSEN	FLAX	EXTRA	TOTAL
Østfold	223	96	46	15	41	74	56	52	602
Akershus	341	157	73	21	53	98	78	67	887
Oslo	302	171	63	26	73	201	96	50	983
Hedmark	191	79	37	20	25	42	50	52	495
Oppland	175	70	36	13	26	42	45	47	452
Buskerud	202	89	42	13	30	52	45	47	519
Vestfold	160	67	33	10	28	50	50	39	437
Telemark	129	53	26	8	23	39	34	38	350
Aust-Agder	73	29	15	6	11	19	22	18	193
Vest-Agder	100	42	21	8	19	42	30	22	284
Rogaland	240	104	52	16	45	104	77	54	691
Hordaland	342	154	75	30	66	133	96	85	982
Sogn og Fjordane	85	41	20	10	12	26	27	25	247
Møre og Romsdal	184	85	41	15	25	56	57	54	516
Sør-Trøndelag	207	91	43	17	27	76	56	59	576
Nord-Trøndelag	121	52	24	7	13	20	29	37	303
Nordland	195	88	48	19	26	43	62	68	549
Troms	127	63	32	16	19	29	40	42	367
Finnmark	77	44	20	11	13	15	26	25	230
Svalbard	2	1	1	0	0	0	1	0	5
Electronic games	286	162	73	101	156	392	0	71	1 242
<b>Total</b>	<b>3 762</b>	<b>1 738</b>	<b>821</b>	<b>380</b>	<b>732</b>	<b>1 550</b>	<b>978</b>	<b>950</b>	<b>10 911</b>

Per cent of total per game	34.5%	15.9%	7.5%	3.5%	6.7%	14.2%	9.0%	8.7%	100%
Per capita NOK	778.99	359.84	170.01	78.72	151.63	320.89	202.49	196.82	2259.40
Per capita EUR	89.25	41.23	19.48	9.02	17.37	36.76	23.20	22.55	258.85
Per capita USD	124.01	57.28	27.07	12.53	24.14	51.08	32.24	31.33	359.69
Population	4 829 000								
Exchange rate EUR	8.7285								
Exchange rate USD	6.2816								

## GAMES REVENUE 1948-2009

Nominal amounts in NOK million

Year	Total games revenue	Lotto	Viking Lotto	Joker	Keno	Tipping	Oddsen	Flax	Extra	Multix	Other games
1948	18.2					18.2					
1949	37.4					37.4					
1950-1959	802.4					802.4					
1960-1969	1 589.0					1 589.0					
1970-1979	5 496.4					5 496.4					
1980-1989	20 804.0	4 928.6				15 563.9					311.4
1990	3 870.9	1 879.4				1 676.3					315.2
1991	4 254.1	2 482.1				1 484.5					287.5
1992	4 470.8	2 857.9				1 348.1					264.8
1993	4 659.6	2 755.6	382.5			1 253.7					267.8
1994	4 940.7	2 776.1	674.6			1 028.4	341.1				120.5
1995	5 871.8	2 996.6	805.9			935.8	530.2	603.3			
1996	6 243.4	3 111.5	910.1			879.4	567.4	635.0	140.0		
1997	6 715.0	3 116.7	836.5			916.8	598.2	620.9	600.4		25.5
1998	7 619.5	3 393.3	1 060.0			951.6	777.4	654.3	780.0		2.9
1999	8 042.3	3 469.8	1 116.2			944.9	989.0	786.1	736.3		
2000	8 277.2	3 495.2	1 276.6	130.0		915.9	996.1	748.5	714.9		
2001	8 606.6	3 517.2	1 309.5	273.1		938.8	1 137.6	684.3	746.1		
2002	9 734.3	3 610.2	1 338.9	471.8		873.7	1 846.7	798.6	794.4		
2003	9 743.3	3 537.1	1 369.8	679.4		825.6	1 613.5	895.5	822.4		
2004	9 617.0	3 464.7	1 475.7	739.4		800.7	1 295.9	1 023.3	812.3		5.0
2005	9 203.2	3 310.6	1 446.9	757.5		727.0	1 307.9	882.7	770.6		
2006	9 618.9	3 727.7	1 441.4	769.2		702.5	1 444.4	761.0	772.7		
2007	10 388.4	3 871.5	1 560.0	803.5	86.5	740.5	1 585.3	866.9	874.2		
2008	10 578.7	3 596.8	1 502.0	739.5	429.3	725.2	1 690.2	917.5	966.7	11.5	
2009	12 574.7	3 761.7	1 737.7	821.0	380.1	732.2	1 549.6	977.8	950.5	1 664.0	
<b>Total</b>	<b>183 777.7</b>	<b>69 660.3</b>	<b>20 244.3</b>	<b>6 184.4</b>	<b>895.9</b>	<b>42 908.9</b>	<b>18 270.5</b>	<b>11 855.7</b>	<b>10 481.5</b>	<b>1 675.5</b>	<b>1 600.6</b>

Other games: Måltips 1989-1994 Pengelotteriet 1997 and 1998 Gaming machines/IVT (pilot project weeks 35-49 in 2004)

Price adjusted to 2009 value in NOK billion	274.48	86.24	23.28	6.66	0.91	107.34	20.66	13.57	11.81	1.68	2.33
Price adjusted to 2009 value in EUR billion	31.45	9.88	2.67	0.76	0.10	12.30	2.37	1.55	1.35	0.19	0.27
Price adjusted to 2009 value in USD billion	43.70	13.73	3.71	1.06	0.14	17.09	3.29	2.16	1.88	0.27	0.37

Conversion rates = Bank of Norway's annual average for 2009

EUR 1.00 = NOK 8.7285

USD 1.00 = NOK 6.2816



## DISTRIBUTION OF PROFITS 1948–2009

Nominal amounts in NOK million

Year	Total profit	Sports	Research	Culture	Health and Rehabilitation	Treasury	Other beneficiaries <sup>1)</sup>
1948	5.0	3.0	2.0				
1949	10.0	4.0	6.0				
1950-1959	266.5	73.3	193.2				
1960-1969	543.6	158.3	385.3				
1970-1979	1 847.1	842.2	1 004.9				
1980-1989	7 886.7	3 431.5	2 629.2	1 223.4		602.6	
1990	1 409.9	475.9	229.1	472.3		232.6	
1991	1 590.8	427.4	205.8	641.6		316.0	
1992	1 590.0	530.0	530.0	530.0			
1993	1 650.0	550.0	550.0	550.0			
1994	1 704.0	568.0	568.0	568.0			
1995	1 988.6	594.0	594.0	594.0		206.6	
1996	2 147.0	631.0	631.0	631.0	36.5	217.5	
1997	2 270.9	622.6	622.6	622.6	181.7	221.4	
1998	2 433.4	667.0	667.0	667.0	207.3	225.1	
1999	2 627.9	812.0	812.0	812.0	191.9		
2000	2 654.5	824.0	824.0	824.0	182.5		
2001	2 757.7	858.3	858.3	858.3	182.8		
2002	2 902.6	1 050.0	600.0	1 050.0	202.6		
2003	2 903.0	1 200.0	300.0	1 200.0	203.0		
2004	2 611.1	1 200.0		1 200.0	199.1	12.0	
2005	2 606.7	1 200.0		1 200.0	194.7	12.0	
2006	2 710.4	1 250.0		1 250.0	198.4	12.0	
2007	2 880.6	1 250.0		1 250.0	218.6	12.0	150.0
2008	3 677.4	1 558.4		1 250.1	240.4	12.0	616.5
2009	3 668.9	1 558.4		1 250.1	231.9	12.0	616.5
Total	59 344.3	22 339.3	12 212.4	18 644.4	2 671.4	2 093.8	1 383.0

Price adjusted to 2009 value  
in NOK billion

	Sports	Research	Culture	Health and Rehabilitation	Treasury	Other beneficiaries <sup>1)</sup>
	33.94	26.47	22.57	3.02	3.02	1.41

Price adjusted to 2009 value  
in EUR billion

	Sports	Research	Culture	Health and Rehabilitation	Treasury	Other beneficiaries <sup>1)</sup>
	3.89	3.03	2.59	0.35	0.35	0.16

Price adjusted to 2009 value  
in USD billion

	Sports	Research	Culture	Health and Rehabilitation	Treasury	Other beneficiaries <sup>1)</sup>
	5.40	4.21	3.59	0.48	0.48	0.22

Conversion rates = Bank of Norway's annual average for 2009

EUR 1.00 = NOK 8.7285

USD 1.00 = NOK 6.2816

<sup>1)</sup> For 2007: Organisations which received funds from slot machines in 2001.

For 2008 and 2009: Organisations which received funds from slot machines in 2001, excluding sporting organisations.

## VALUE ADDED STATEMENT 2009

	NOK mill	
Games revenue		12 574.7
- Prizes to players	7 322.1	
- Consumption of goods and services	830.0	
- Other costs	274.4	
+ Other revenues	188.2	8 238.3
Gross value added		4 336.3
- Depreciation	166.9	
+ Net financial items	89.7	(77.2)
Net value added		4 259.2

## VALUE ADDED IS DISTRIBUTED AS FOLLOWS:

	NOK mill	Percentage	
<b>National and local government:</b>			
Income tax (employees), payroll tax and employer's pension contributions	136.2	3.2%	
<b>Employees:</b>			
Pay and pensions (excl tax deductions)	127.3	3.0%	
<b>Retailers:</b>			
Commissions from games, player cards	760.9	17.9%	
<b>Grassroot share recipients</b>	<b>210.9</b>	<b>5.0%</b>	
<b>Provided by the company:</b>			
Investment fund	(645.2)	(15.1%)	
<b>Profit to:</b>			
Health and Rehabilitation	231.9		
Measures to counter problem gaming	12.0		
Other beneficiaries	616.5		
Culture	1 250.1		
Sports	1 558.4	3 668.9	86.1%
Net value added	4 259.2	100.0%	

ASSURANCE STATEMENT FOR SOCIAL REPORT



DET NORSKE VERITAS

**ASSURANCE STATEMENT**

Det Norske Veritas AS hereby states that Norsk Tipping's Annual and social report 2009

is consistent with relevant internal processes, routines and positions demonstrated in the corporation.

This DNV assurance statement is issued on the basis of the audit that has been carried out with reference to the The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) principles of materiality, completeness, stakeholder inclusiveness and sustainability context.

The sections "Scope of assurance", "Verification Methodology" and Principal Considerations" described below are integral parts of this statement.

**Scope of verification:**

The scope and process of the verification have been agreed with Norsk Tipping. The verification includes the social reporting of Norsk Tipping for 2009, pages 12-92 in the Annual and social report 2009. The report covers social and environmental aspects. The report comprises Norsk Tipping's co-operation with its retailers, but the retailers own operations, as well as those of Norsk Tipping's subsidiaries, are not covered by the report.

**Method:**

The verification was accomplished at Norsk Tipping's head office in February and March 2010. The work is carried out according to DNV's protocol for verification of sustainability reporting and included the following:

- Review of available documents, data and other relevant information
- Interview with 15 employees with various responsibilities within NT
- Phone interviews with six external stakeholders
- Interview with one retailer
- Spot check of the mechanisms for implementing Norsk Tipping's ethical guidelines and other relevant guidelines.

Norsk Tipping has been responsible for presenting all relevant data, processes and routines, and the verification is based on the assumption that this information was submitted in a truthful manner.

**Conclusions:**

DNV has evaluated adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement'.

**Materiality:** Good. Norsk Tipping has for a long time been working systematically with their core issues; responsible gaming and gaming security and gives an elaborate description of this work.

**Completeness:** Acceptable. In our opinion, the report gives a truthful picture of Norsk Tipping's work with corporate responsibility, but it is missing a clear description of to what extent goals and plans for 2009 are achieved.

**Responsiveness and inclusivity:** Good. Norsk Tipping is demonstrating an open and active dialogue with important stakeholders such as employees, research communities and NGOs.

**Reliability:** Good. We have not found essential inaccuracies in the information presented in the report.

**Neutrality:** Good. In our opinion, Norsk Tipping gives a balanced presentation of its own activities related to those issues of concern to stakeholders. For instance, central issues like gaming security and marketing of gaming are presented in a balanced way.

DNV has checked the social report against the reporting framework of the Global Reporting Initiative, G3. We hereby confirm that the application level C+ has been met.

**Opportunities for improvement**

Ethical guidelines for suppliers have recently been adopted, and the implementation of these should continue. It is recommended to establish an overall environmental strategy.

Det Norske Veritas AS disclaims any liability or co-responsibility for any decision a person or entity would make based on this verification statement.

Signed:  Ingebjørg Gravlien Senior Consultant, CR	Signed:  Helena Barton Global Manager CR Services
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Det Norske Veritas AS  
Høvik,  
30 April 2010

## CORPORATE GOVERNANCE

Norsk Tipping's social role is to channel the desire of Norwegians for gaming towards an attractive and responsible provision of games which do not cause social problems, while simultaneously creating value for the company's beneficiaries. Good corporate governance is essential for Norsk Tipping's ability to fulfil its social role.

This document has been composed in accordance with the Norwegian code of practice for corporate government, issued by the Norwegian Corporate Governance Board (NCGB). The description below accounts for the way the various sections of the code have been followed up by Norsk Tipping.

Norsk Tipping is not a listed company. This means that some parts of the NCGB's code are not relevant. However, good and transparent management and control are crucial for Norsk Tipping as a monopoly company in building trust with its stakeholders through predictability and credibility. Open and accessible information will ensure that the company has good relations with society in general and particularly with the stakeholders affected by the business.

### Open reporting

Norsk Tipping's annual and social report is published every year at its annual meeting. The company converted in 2007 to reporting in accordance with the Global Reporting Initiative (GRI), which comprises a set of principles plus recommendations for a reporting standard. The latter aims to establish a global norm for sustainability reporting. This means that Norsk Tipping reports in terms of a triple bottom line – financial, environmental and social responsibility. The goals have been discussed, and the measures adopted are entrenched in and followed up in the company's various business areas. Subsidiaries are not included. Through its annual and social report, the company wants to document that it contributes value to the Norwegian community at several levels through performing its social role. Similarly, the most important argument in relation to readers of the report, the company's stakeholders, is that Norsk Tipping fulfils its mandate as an instrument of social policy on the playing of responsible money games in Norway.

In its report, the company demonstrates how CSR is a natural part of its dialogue with stakeholders. Norsk Tipping aims to be a pioneer in the CSR field, a goal which is indicative for its whole business.

All relevant financial, environmental and social effects of Norsk Tipping's operations are detailed in the report. The company has opted to integrate the annual and social reports for 2009, but the framework adopted for the 2008 social report is unchanged. No significant changes in scope or measurement methods have occurred since 2008.

Before publication, the report has been reviewed by Det Norske Veritas (DNV). Norsk Tipping believes that this helps to secure the objectivity of the report and enhance its quality.

### The company's stakeholders

Good dialogue with those affected by or who affect Norsk Tipping's business is essential in work on CSR. The company pursues a broad dialogue with many different stakeholder groups – players, politicians, those concerned with compulsive gaming and its scientific study, partners, employees and not least the beneficiaries.

Norsk Tipping's dialogue with stakeholders as well as relevant surveys with various types of stakeholder groups, gives it a good picture of their expectations of the company. These experiences and facts are used as the basis for identifying and prioritising stakeholders, so that the company acquires an objective picture of the issues it faces and how it can apply this knowledge to achieve further development.

The company was not involved during 2008 in legal violations or breaches of voluntary guidelines concerning product labelling and health and safety aspects related to its own products and services. The Confederation of Norwegian Enterprise (NHO) lodged a com-

plaint against Norsk Tipping on 24 February 2009 with the Norwegian Complaints Board (Kofa). This complaint was prompted by the fact that the Auditor-General's report for the annual audit and check for fiscal 2007, Document no 1 (2008-2009), contained comments on certain specified acquisitions among other matters. The complaint is still under consideration by Kofa.

In the summer of 2009, the Office of the Auditor-General presented its expanded audit of Norsk Tipping for 2000-07. This audit was conducted following the departure of the previous chief executive in 2007. Norsk Tipping has taken note of the whole report from the Auditor-General. In its view, some of the issues covered by the Auditor-General represent opportunities for improvement and some are worthy of criticism.

Since the departure of the previous chief executive in 2007, a number of changes have occurred at Norsk Tipping. Internal control has been strengthened, and new guidelines and policies introduced for areas commented upon by the Auditor-General.

The Ministry of Culture and Norsk Tipping were notified in December 2009 that the Auditor-General intended to present two further issues from its expanded audit of the company for 2000-07. These matters are regarded as so serious by the company that it initiated an independent external investigation in February 2010. The issues had been excluded from the first report because they were referred to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) for assessment. Økokrim decided that it did not wish to initiate an investigation at that time.

### SECTION 1: Implementation and reporting on corporate governance

Good corporate governance in Norsk Tipping will contribute to achieving performance goals and a high level of value creation. Good and transparent management and control of the business will lay the basis for creating long-term value for owners, employees, other stakeholders and society as a whole, and will build trust among stakeholders through predictability and credibility.

Norsk Tipping's principles for corporate governance clarify the division of roles between the owner, the board and the executive management.

The company also complies with the government's 10 principles for good ownership. These deal with the way the government will act as owner, and what it expects of state-owned companies. See also section 6 on the government's exercise of its ownership.

Norsk Tipping's ethical guidelines describe principles for dealing with ethical dilemmas and the approach to be taken to such issues as legal and regulatory provisions, employee conflicts of interest, contact with external stakeholders, the working environment, whistleblowing, the duty of confidentiality, honorary appointments, and information and IT services. The company's full ethical guidelines are available (in Norwegian only) at [www.norsk-tipping.no/selskapet](http://www.norsk-tipping.no/selskapet) and on its intranet.

The company adopted ethical guidelines for its suppliers in January 2010, and an implementation plan is under preparation. The requirements in the guidelines build on key UN and International Labour Organisation conventions as well as national legislation at the production site. At the same time, suppliers must respect the UN's universal declaration of human rights. Goods and services acquired must not conflict with applicable legislation and statutory regulations or Norsk Tipping's ethical guidelines. The company's full ethical guidelines for suppliers are available (in Norwegian only) at [www.norsk-tipping.no/selskapet](http://www.norsk-tipping.no/selskapet) and on its intranet.

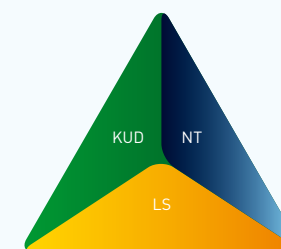
### Policy and guidelines

The company has policies and guidelines which apply to its employees. These are available in full on the company's intranet.

### SECTION 2: Business

Last amended by royal decree on 15 March 2007, the articles specify the following object for the company's operations:

#### DIVISION OF RESPONSIBILITIES, GAMES



► **KUD – Ministry of Culture**  
Owner of Norsk Tipping  
Decides which games should be offered and sets their rules  
Determines how large a share of the stakes should go to prizes  
Allocates the company's profit (distribution formula)

► **NT – Norsk Tipping**  
Operates money games  
The Extra game is operated on behalf of the Norwegian Foundation for Health and Rehabilitation, which also distributes the funds

► **LS – Norwegian Gaming Board**  
The Gaming Board is an official regulator appointed by the KUD  
The board works to ensure that all gaming operations in Norway are conducted in accordance with legislation and the rules of the games

<sup>1</sup> This relates to the following sections:

4. Equal treatment of shareholders and transactions with close associates

5. Freely negotiable shares

14. Takeovers

- “The company will, pursuant to the rules of the games established by the ministry, provide and organise money games in satisfactory forms under public control, with a view to preventing the negative consequences of these games while also facilitating, through the rational operation of the company, the application of as much as possible of the profit from the games to the purposes mentioned in section 10 of the Gaming Act.” (article 2, paragraph 2)
- “The company’s operations will relate to the provision of money games directed at Norwegian citizens or people resident in Norway.” (article 4, paragraph 1)

From 1 January 2009, the distribution formula was changed to give 45.5 per cent of profits to sports, 36.5 per cent to culture and 18 per cent to voluntary and humanitarian organisations. Up to 0.5 per cent of the 2009 profit has been allocated by the government in 2010 to research into, information on, and prevention and treatment of compulsive gaming.

The Extra game is operated on behalf of the Norwegian Foundation for Health and Rehabilitation, which distributes its profits.

See otherwise the chapter on a future with opportunities (pages 18-21), which contains a presentation of the company’s goals and strategies.

### SECTION 3: Equity and dividends

Pursuant to section 5 of the Gaming Act, the company has a share capital of NOK 150 000. No dividend is paid, but profits from the gaming business are distributed pursuant to section 10 of the Gaming Act.

Shares in Norsk Tipping are not negotiable. Section 3 of the Gaming Act requires that the state owns all the shares. Since the shares are not negotiable, the company does not need to develop principles for dealing with a takeover of the business.

### SECTION 4: Equal treatment of shareholders and transactions with close associates

Not relevant for Norsk Tipping.

### SECTION 5: Freely negotiable shares

Not relevant for Norsk Tipping.

### SECTION 6: General meetings and control committee

The minister of culture constitutes the company’s general meeting. The annual general meeting is held every year as part of Norsk Tipping’s annual meeting. In addition, meetings take place at least twice a year between the ministry and the company in order to maintain an on-going dialogue on development and practice of the regulations governing Norsk Tipping’s operations.

Article 6 of the company’s articles of association specifies that the annual general meeting will be held in connection with the company’s annual meeting. As a company in which the AGM comprises a single person, the minister, Norsk Tipping has no formalities concerning notice, proxies or supporting documents in advance of the meeting.

The Office of the Auditor-General is represented when the general meeting takes place. So are the company’s chair and chief executive.

Norsk Tipping does not have a control committee.

### Government’s exercise of its ownership

The government has specified how state ownership should be exercised in a number of public documents. In general terms, it has said that it wants to base the exercise of state ownership on generally accepted principles for good practice in this area. Ten principles for

good ownership have been specified, based on how the government will behave as the owner and what it expects of the company.

Pursuant to section 14 of the Gaming Act, the Norwegian Gaming Board supervises the company’s compliance with legislation and game rules. It also continuously assesses the company’s marketing activities and whether these accord with the guidelines on promoting government-controlled money games. Its evaluations are reported twice a year to the owner. The Gaming Board is a directorate and regulatory agency subordinate to the Ministry of Culture, and is responsible for regulating and monitoring private lotteries and government-owned games in Norway.

### SECTION 7: Nomination committee

Norsk Tipping does not have a nomination committee.

### SECTION 8: Corporate assembly and board of directors: composition and independence

Norsk Tipping does not have a corporate assembly.

The board and its composition are governed by article 3 of the articles of association. Five independent directors are appointed by the Ministry of Culture, with two worker directors elected by and from among the employees of Norsk Tipping. Each director also has an alternate. “Independent” in this context means that the directors are independent of the beneficiaries of the company’s profits. Directors are appointed for a two-year term. In line with official goals on equal opportunities, the board has been evenly divided between men and women for many years. To clarify the requirement for gender representation, the articles of association were amended in 2007 to specify that the gender division of the board must accord with section 20, sub-section 6, paragraph 1 of the Norwegian Companies Act. The

appointment of directors by the Ministry of Culture is based on the principle that the board of Norsk Tipping should at all times have commercial expertise, knowledge of public ownership and communication between public and private enterprise, and expertise on social policy. During recent years, weight has also been given to general political competence. No special weight is given to financial, social or environmental considerations when selecting directors.

Norsk Tipping’s employees have opportunities to raise issues through the worker directors. The company’s chief executive attends board meetings but does not have the right to vote.

The Ministry of Culture has issued instructions for the board, which specify that the directors will take decisions on an independent basis in accordance with normal commercial principles. Instructions to the board are issued by royal decree. The company’s general meeting appoints the chair, who is not a member of the executive management. The deputy chair is appointed by the Ministry of Culture. Directors receive a fixed annual fee which is independent of the company’s results. The size of the fee is specified in the annual accounts in this report.

### SECTION 9: The work of the board of directors

The ministry’s instructions to the board include rules for its work and the procedure for considering matters. The executive management of Norsk Tipping ensures that regular items are placed on the agenda. The board’s annual calendar shows which issues are considered at board meetings. It specifies that the strategy plan is approved in June and that a two-day meeting is held in November to consider plans for the coming year. The calendar otherwise details when business reports are submitted to the board. The board follows up the company through a regular business report from the management. This contains the company’s scorecards with key performance parameters for

## BACKGROUND AND EXPERTISE OF THE DIRECTORS

### CHAIR

Name and age: **Lars Sponheim**, 52  
Director since: November 2009  
Other directorships: Finse Vann- og Avløpselskap AS and Ulvik Fjellstyre (due to retire from both before becoming county governor in June 2010)  
Education: MSc agronomy/agricultural agronomist  
Job: Self-employed, county governor of Hordaland from 1 June 2010  
Earlier important positions and jobs: Member of the Storting 93-09, minister of industry and trade 97-00, agriculture 01-03 and agriculture and food 03-05, leader, Liberal party 96-10

### DEPUTY CHAIR

Name and age: **Ingvild Ragna Myhre**, 52  
Director since: 2007  
Other directorships: Chair, Simula Research Laboratory, director, Folketrygdfondet, DataRe-spons ASA, Telecomputing ASA, Simrad Optronics ASA, AS Backe, Norsk Eiendomsinformasjon AS and Eidsiva Bredbånd AS  
Education: MSc engineering, Norwegian University of Science and Technology  
Job: Partner, Rådgiverne LOS  
Earlier important positions and jobs: CEO, Alcatel Telecom AS, Telenor Mobil AS and Network Norway AS

Name and age: **Silvija Seres**, 39  
Director since: 2007  
Other directorships: Aschehoug, Teknologirådet, Arena Group, Integrasco, Lingit and Faster Imaging  
Education: PhD in mathematics, University of Oxford, and MBA, Insead  
Job: Director business management, Microsoft  
Earlier important positions and jobs: VP product marketing, Fast Search and Transfer, fellow, University of Oxford, professor, Dar Al Hekma University, Saudi Arabia, director, Opera Software and ProfDoc

Name and age: **Paal Fure**, 42  
Director since: 2009  
Other directorships: Moods of Norway, Iprospect, Suddenly and Unit Management  
Education: Norwegian School of Marketing  
Job: CEO, Vizeum Norge  
Earlier important positions and jobs: Vice president, Opinion and Bengal Consulting

Name and age: **Siv Tørudbakken**, 41  
Director since: 2007  
Other directorships: Chair, Bompengeselskapet RV2 Kongsvingervegen AS, deputy chair, Bompengeselskapet E6 Gardermoen – Moelv AS, Vegfinans AS, Kompetanse, universitets- og forskningsfondet i Innlandet AS  
Education: Qualified worker with children and young people, cultural studies  
Job: Chair, county government of Hedmark  
Earlier important positions and jobs: None

Name and age: **Petter Torgerhagen**, 42  
Director since: 2007  
Other directorships: None  
Education: Informatics, Østfold University College  
Job: IT advisor, Norsk Tipping  
Earlier important positions and jobs: None

Navn og alder: **Eli Skjæret**, 55  
Director since: 2009  
Other directorships: None  
Education: College of further education  
Job: Customer service, Norsk Tipping  
Earlier important positions and jobs: None

such aspects as reputation, games revenue, customer development, costs and results as well as operational and internal conditions. The status of the company's most important projects and the management's risk picture are also reported. Minutes are taken, in which decisions are related to the consideration of the business report.

Sub-committees are not used by the board in its work. Its duties including ensuring that the business is run in accordance with its object, articles of association and guidelines. Confer section 7, sub-section 1, paragraph 1 of the Gaming Act. The board is responsible for the satisfactory organisation and management of the company, including supervision of its relationship with the retailers. Instructions for the chief executive have been established by the board.

Pursuant to the instructions from the ministry, the board must ensure that registration and documentation of accounting information and asset management are subject to adequate controls, confer section 7, sub-section 1, paragraph 2 of the Gaming Act, and supervise the chief executive's management of the company, confer paragraph 3. The board submits accounts and a directors' report to the Ministry of Culture for approval pursuant to section 7, sub-section 2 of the Gaming Act. Furthermore, the Ministry of Culture will be kept informed about issues of principle which are significant for the company's operations. As part of the annual strategy and planning processes, strategic plans are submitted to the board for approval during the spring. The board evaluates and approves annual plans and budgets, and thereby plays an active part in the governance of the company. The board observes official guidelines and the company's code of ethics on conflicts of interest when considering matters. An annual

assessment is made of the board's work and its mode of working, which forms the basis for changes and measures. This evaluation is conducted partly in relation to social and financial conditions, and its results recorded in the minutes.

A deputy chair has been elected to lead board meetings in cases where the chair is unable discharge this role.

The chief executive prepares matters for consideration by the board in consultation with the chair. Weight is given to preparing and presenting matters in such a way that the board has a satisfactory basis for reaching its decisions.

Norsk Tipping does not have audit, compensation or board sub-committees.

**SECTION 10:  
Risk management and internal control**

Norsk Tipping is working on a framework for corporate governance to describe the relationship between strategy and operational management and follow-up, which integrates risk management and internal control. Good and transparent management and control will create the predictability and credibility which are fundamental to the work of building trust.

The KPMG audit and consultancy company was hired in 2009 to draw up a status report for the company's existing risk management and internal control. It conducted a gap analysis related to recognised practice.

This work determined that the company's risk management is good, but is primarily pursued from a security perspective and could be further strengthened by integrating it with other corporate governance.

Norsk Tipping works purposefully to strengthen risk management and internal control in the company. A separate unit was established in 2009 for the company's corporate governance and risk management. Reporting to the chief financial officer (CFO), it works in part on further development of processes, methodology and systems for the area. The goal of this work is to establish a good alignment between the company's strategic and operational goals, business plans, budgets and annual performance agreements for managers and employees at all levels.

The company has periodic business reporting in which the board and executive management follow up the company on the basis of its scorecards, with supplementary financial and operational reporting. Regular risk assessments are conducted on the basis of the scorecards to ensure that the board and executive management are focused on important future conditions. Possible risk-reducing measures are regularly followed up by the management and reported to the board.

Norsk Tipping works continuously to secure a good control regime so that the business can build on healthy attitudes, good internal rou-



tines and procedures, and a high level of openness. Further development of the company's values platform and management principles was pursued in 2009.

The company has established routines for monitoring and following up gaming activity at retailers and among players. This is done both to ensure that gaming activity occurs within a responsible framework and to protect Norsk Tipping against criminal activity such as embezzlement, financial fraud and money laundering.

**Internal quality audits**

The company does not have a separate unit for internal audit affiliated with the board.

However, the executive management is maintaining an earlier arrangement with internal quality audits based on external and internal resources. Responsibility for these was assigned in 2009 to the CFO via the company's unit for corporate governance and risk management. Quality audits are intended to confirm to the chief executive and the other senior executives that an acceptable internal control has been established and that this functions as intended. The work will also contribute to continuous improvement of the company's risk management. Internal quality audits will be conducted as far as possible in accordance with the standards for internal audit prepared by the Institute of Internal Auditors.

Based on analyses of the risk picture in different areas of the business, the administrative management prepares an annual audit plan which shows which areas are to be audited. The annual audit plan and the results of the audits are submitted to the board for its information.

In addition to the above-mentioned gap analysis of existing risk management and internal control, security audits have been conducted in accordance with the requirements of the security standard.

**Security certification**

Norsk Tipping is certified in accordance with the requirements in ISO/IEC 22001:2005, as well as the World Lottery Association's security control standard 2006 (WLA SCS 2006). These international norms for the gaming industry are intended to ensure that certified businesses run their business within an effective security organisation and structure. Pursuant to the security standard, Norsk Tipping has established an information security management system (ISMS), where risks related to the company's critical assets and IT systems are updated annually. Regular security audits are conducted internally by the company's security staff in accordance with the standard.

An accredited company (Det Norske Veritas in 2009) conducts an annual audit based on these standards.

**SECTION 11:  
Remuneration of the board of directors**

Directors' fees are not related to results. Their size is determined by the Ministry of Culture. The information is public, and presented in note 3 to the annual accounts.

**SECTION 12:  
Remuneration of executive personnel**

Norsk Tipping is not a public limited liability company, and has no rules which require that the remuneration of senior executives should be considered by the general meeting.

The board determines the pay and other conditions of the chief executive. These are presented in note 3 to the accounts. On the basis of the board's guidelines, the chief executive determines the remuneration and other terms of employment for senior executives in the company.

No extra fees are paid to the company's own employees for serving as directors of companies owned wholly or partly by Norsk Tipping.

No profit-related remuneration is paid to senior management in Norsk Tipping AS in the form of option or bonus programmes.

**SECTION 13:  
Information and communications**

Norsk Tipping gives weight to pursuing open and honest communication with all stakeholders. The strongest attention is paid to stakeholders directly affected by the company's business, including the beneficiaries, players, ministry, regulator and Auditor-General.

The company's reporting of financial information will be characterised by transparency and, together with data about the company's financial position, will provide users with relevant, detailed and reliable information about strategies, goals and results.

**SECTION 14:  
Takeovers**

Not relevant for Norsk Tipping.

**SECTION 15:  
Auditor**

Section 7, sub-section 3 of the Gaming Act specifies that the company's accounts are audited by the Office of the Auditor-General, which is the Storting's supervisory agency and reports the results of its audit to the Storting. Before a matter is reported to the Storting, the findings of the Auditor-General must be submitted to the responsible minister for comment. The Auditor-General's audit falls into two parts: the audit must confirm that the accounts do not contain significant errors or deficiencies, and it must check that the transactions expressed in the accounts accord with the applicable regulations and with the Storting's decisions and conditions. The content otherwise accords with the Auditor General's standards and guidelines for audit work.

# GRI INDEX

Norsk Tipping has based its annual reports since 2007 on the voluntary Global Reporting Initiative (GRI) standard, which seeks to facilitate open and reliable reporting of sustainability. This means that Norsk Tipping reports on a triple bottom line covering financial, environmental and corporate social responsibility issues.

The GRI covers a large number of reporting indicators, and the GRI index specifies which of these Norsk Tipping answers, and where, in its annual and social report for 2009. Indicators which are not answered are of little relevance for the company, lie outside its area of influence or are difficult to report on.

Pursuant to the GRI's guidelines, Norsk Tipping's annual and social report for 2009 fulfils the requirements for application level C+. This assessment is based on the number of GRI indicators which Norsk Tipping answers in the report, and has been confirmed by the audit of the company's annual and social report for 2009 conducted by Det Norske Veritas.

More information on the GRI standard is available at [www.globalreporting.org](http://www.globalreporting.org).

## GRI index

The page numbers in the index specify where answers are provided to each indicator in the annual and social report from Norsk Tipping for 2009. Certain indicators are also answered directly in the table below. Those labelled IR are not reported on in this year's report since they have little relevance for the business, lie outside the company's area of influence or are difficult to report on.

Indicator	2009
<b>PROFILE</b>	
<b>1 Strategy and analysis</b>	
1.1 Statement from the most senior decision-maker of the organisation (CEO)	6-7
1.2 Description of key impacts, risks and opportunities	2, 8-11
<b>2 Organisational profile</b>	
2.1 Name of the organisation	Norsk Tipping
2.2 Primary brands, products and/or services	4-5
2.3 Operational structure of the organisation	21
2.4 Location of organisation's headquarters	Hamar, Norway
2.5 Number of countries where the organisation operates	Norway
2.6 Nature of ownership and legal form	82-83
2.7 Markets served	4-5, 52-53
2.8 Scale of the reporting organisation	48-51
2.9 Significant changes during the reporting period	48-51
2.10 Awards received in the reporting period	56
<b>3 Report parameters</b>	
<b>Report profile</b>	
3.1 Reporting period for information provided	82
3.2 Date of most recent previous report	Company's annual general meeting, 22 April 2009

Indicator	2009
3.3 Reporting cycle	82
3.4 Contact point for questions regarding the report or its contents	See cover
<b>Report scope and boundary</b>	
3.5 Process for defining report content	82
3.6 Boundary of the report	82
3.7 State any specific limitations on the scope or boundary of the report	82
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period	82
3.9 Data measurement techniques and the bases of calculations	41-46
3.10 Explanation of the effect of any re-statements of information provided in earlier reports	82
3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods	82
3.12 GRI table identifying the location of the Standard Disclosures in the report	See this table
<b>Assurance</b>	
3.13 Policy and current practice with regard to seeking external assurance for the report	82
<b>4 Governance, commitments and engagement</b>	
<b>Governance</b>	
4.1 Governance structure of the organisation	83-84
4.2 Indicate whether the chair of the highest governance body is also an executive officer	84
4.3 The number of members of the highest governance body who are independent and/or non-executive members	84
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	84
4.5 Linkage between compensation for members of the highest governance body, senior managers and executives, and the organisation's performance	87
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	85
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	84
4.8 Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental, and social performance and the status of their implementation	83
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of performance	85-86
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	85-86
<b>Commitments to external initiatives</b>	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation	33-35
4.12 Externally developed principles, or other initiatives which the organisation subscribes to or endorses	See cover, 33, 36
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organisations	10
<b>Stakeholder engagement</b>	
4.14 List of stakeholder groups engaged by the organisation	10
4.15 Basis for identification and selection of stakeholders with whom to engage	8-10, 82
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	10, 34-37, 48-58
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those	8-10, 26, 28-29, 34-37, 49, 53-56
<b>Economic performance indicators</b>	
<b>Economic performance</b>	
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	79
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change	IR
EC3 Coverage of the organisation's defined benefit plan obligations	73-74
EC4 Significant financial assistance received from government	Norsk Tipping does not receive such assistance

Indicator	2009
<b>Market presence</b>	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation
EC6	Policy, practices, and proportion of spending on locally-based suppliers
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation
<b>Indirect economic impacts</b>	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or <i>pro bono</i> engagement
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts
<b>Environmental performance indicators</b>	
<b>Materials</b>	
EN1	Materials used by weight or volume
EN2	Percentage of materials used which are recycled input materials
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary source
EN5	Energy saved due to conservation and efficiency improvements
<b>Energy</b>	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives
EN7	Initiatives to reduce indirect energy consumption and reductions achieved
<b>Water</b>	
EN8	Total water withdrawal by source
EN9	Water sources significantly affected by withdrawal of water
EN10	Percentage and total volume of water recycled and reused
<b>Biodiversity</b>	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
EN13	Habitats protected or restored
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk
<b>Emissions, Effluents, and Waste</b>	
EN16	Total direct and indirect greenhouse gas emissions by weight
EN17	Other relevant indirect greenhouse gas emissions by weight
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN19	Emissions of ozone-depleting substances by weight
EN20	NO, SO, and other significant air emissions by type and weight
EN21	Total water discharge by quality and destination
EN22	Total weight of waste by type and disposal method.
EN23	Total number and volume of significant spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff

Indicator	2009
<b>Products and services</b>	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN27	Percentage of products sold and their packaging materials that are reclaimed by category
<b>Compliance</b>	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
<b>Transport</b>	
EN29	Significant environmental impacts of transporting products and other goods and materials, and transporting members of the workforce
<b>Overall</b>	
EN30	Total environmental protection expenditures and investments by type
<b>SOCIAL PERFORMANCE INDICATORS</b>	
<b>Labour practices and decent work performance indicators</b>	
<b>Employment</b>	
LA1	Total workforce by employment type, employment contract and region
LA2	Total number and rate of employee turnover by age group, gender and region
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees
<b>Labour/management relations</b>	
LA4	Percentage of employees covered by collective bargaining agreements
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements
<b>Occupational health and safety</b>	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases
LA9	Health and safety topics covered in formal agreements with trade unions
<b>Training and education</b>	
LA10	Average hours of training per year per employee by employee category
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
LA12	Percentage of employees receiving regular performance and career development reviews
<b>Diversity and equal opportunity</b>	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, etc.
LA14	Ratio of basic salary of men to women by employee category
<b>Human rights performance indicators</b>	
<b>Investment and procurement practices</b>	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
<b>Non-discrimination</b>	
HR4	Total number of incidents of discrimination and actions taken
<b>Freedom of Association and Collective Bargaining</b>	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

Indicator	2009
<b>Child labour</b>	
HR6 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	IR
<b>Forced and Compulsory Labor</b>	
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	IR
<b>Security practices</b>	
HR8 Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	IR
<b>Indigenous rights</b>	
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken	IR
<b>Society</b>	
<b>Local society</b>	
S01 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	IR
<b>Corruption</b>	
S02 Percentage and total number of business units analysed for risks related to corruption	Partly described on page 40, 86-87
S03 Percentage of employees trained in organisation's anti-corruption policies and procedures	Partly described on page 43
S04 Actions taken in response to incidents of corruption	Partly described on page 36-37, 82-83
<b>Public policy</b>	
S05 Public policy positions and participation in public policy development and lobbying	8-10, 49
S06 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Norsk Tipping makes no such contributions
<b>Anti-competitive behaviour</b>	
S07 Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices, and their outcomes	9-10, 49
<b>Compliance</b>	
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	82-83
<b>Product responsibility</b>	
<b>Customer health and safety</b>	
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	25-27, 33-37, 56
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	82
<b>Product and service labelling</b>	
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	33-37
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	82
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	28-29, 46
<b>Marketing communications</b>	
PR6 Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	33-35
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	29
<b>Customer privacy</b>	
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	37
<b>Compliance</b>	
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	82

## PLANS FOR 2010

Continue development of gaming at the checkout in close cooperation with the REMA 1000 and Norgesgruppen retail chains.

Realise Multix in line with the revised business plan.

Establish bingo terminals in bingo halls in line with the government's intentions.

Install bingo terminals in the second half.

Acquire a new number game engine. Further develop Lotto and Joker. Develop new number games.

Establish the lotto.no web portal.

Establish a project to acquire a new sports game engine.

Develop a strategy for interactive games and prepare the launch of new games.

Establish a community panel with about 20 members.

Establish a gaming seminar in

collaboration with Norsk Rikstoto.

Develop a gaming kiosk concept for convenience stores – arenas for a richer gaming experience.

Ensure traceability and documentation by introducing an electronic archive. This system will be acquired in the autumn.

Complete construction of the new building. Plan the content and implement/operate systems on new and old infrastructure in the two new computer rooms being provided.

Develop an environmental strategy for Norsk Tipping.

Finance new population studies of gaming habits and attitudes.

Invite tenders for a new contract to produce TV services.

Evaluate the effect of the collaboration agreement with the Football Association of Norway.

Introduce an age limit of 18 for all games.

Secure expertise on responsible and compulsive gaming through collaboration with leading experts in the field (procurement in March).

Assess a research collaboration on electronic money games with a leading research team working on compulsive gaming and associated problems.

Obtain certification to the European Lotteries responsible gaming standard in the autumn. A certification partner will be chosen through competitive tendering by April.



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