



ANNUAL AND SOCIAL REPORT  
NORSK TIPPING AS

2010

WE GIVE THE  
DREAM A CHANCE



MORE THAN NOK

10 MILLION



FOR GOOD CAUSES

EVERY DAY



NORSK TIPPING

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## AMBITION

Through responsible and attractive games, we will generate NOK 4 billion for good causes from at least two million players in 2013

## 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 unless otherwise stated

	2010	2009	2008	2007	2006	2005	2004
Games revenue	14 750	12 575	10 578	10 388	9 619	9 203	9 617
Prize ratios	9 161	7 322	5 615	5 510	5 101	4 829	5 010
Prize ratios%	62.1%	58.2%	53.1%	53.0%	53.0%	52.5%	52.1%
Game commissions	786	754	713	714	675	660	699
Game commissions%	5.3%	6.0%	6.7%	6.9%	7.0%	7.2%	7.3%
Operating profit <sup>1</sup>	3 600	2 934	3 054	2 993	2 725	2 706	2 761
Operating margin <sup>1</sup>	24.4%	23.3%	28.9%	28.8%	28.3%	29.4%	28.7%
Net profit	3 684	3 024	3 294	3 178	2 860	2 782	2 816
Profit margin%	25.0%	24.0%	31.1%	30.6%	29.7%	30.2%	29.3%
To good causes <sup>2</sup>	3 948	3 235	3 294	3 178	2 860	2 782	2 816
Share to good causes%	26.8%	25.7%	31.1%	30.6%	29.7%	30.2%	29.3%
Employees at 31 Dec	367	360	349	322	324	367	373
Retailers at 31 Dec	4 005	4 038	4 038	3 973	3 975	3 954	3 847
Retailer terminals at 31 Dec	4 634	4 629	4 590	4 501	4 501	4 470	4 364

<sup>1</sup> Excluding transfers from investment fund.

<sup>2</sup> Net profit before Grassroots Share.

Winding up the prize funds yielded a net improvement of NOK 392 million in operating and net profit for 2010. Percentages are calculated in relation to games revenue.

## TEN PRIORITY GOALS FOR NORSK TIPPING IN 2011

### First interactive video terminals (IVTs) for bingo to the market

Replace the old bingo machines in bingo halls with Belago.

### New building

Move into Norsk Tipping's new building, which includes tailored computer rooms for new IT infrastructure.

### Document management system

To be adopted in 2011. All employees will be trained in the system during the first half.

### New Flax format and renewed Joker

Renewal of the games.

### Relaunch of Lotto

Work on renewing the lottery game.

### ODDSEN 2.0

New and modernised product marketing.

### Gaming at the Checkout in two more chains

Continue roll-out in additional budget chains.

### Number games in new computer room and preparing for sports games

Implementation of new IT solution for sports games follows introduction of "number game engine".

### 10 H

Collaboration with 10 humanitarian organisation on developing games.

### New format for TV draws

Renewal of TV broadcasts for Extra and Lotto.

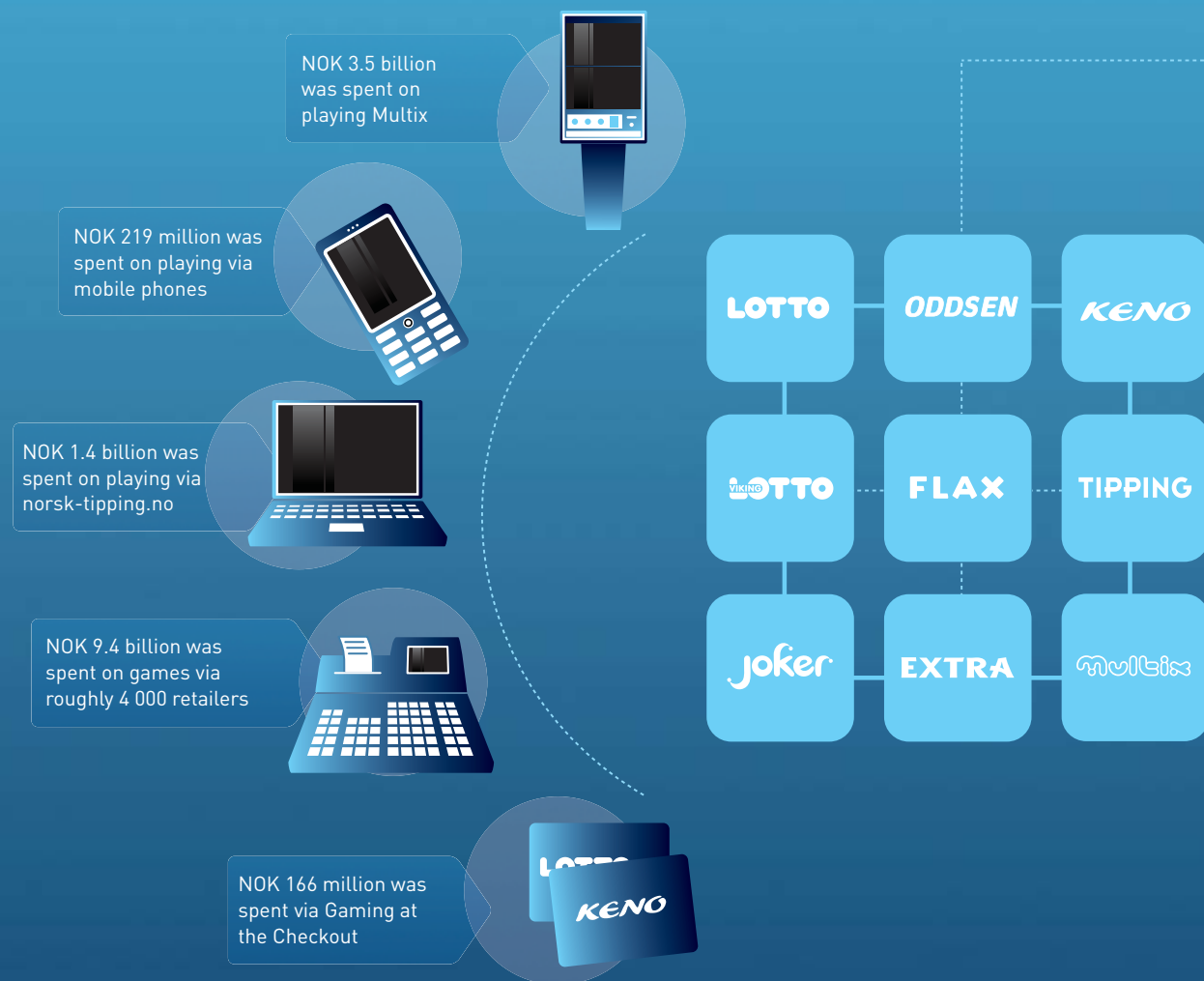
## GOALS AND RESULTS FOR 2010

Measure	Done	In progress
Continue developing Gaming at the Checkout in close cooperation with the REMA 1000 and NorgesGruppen retail chains	●	
Realise Multix in accordance with the revised business plan	●	
Establish IVTs in bingo halls. Rolled out in second half		●
Acquire new computer solution for number games, the number game engine. Further develop Lotto and Joker. Develop new number games		●
Establish the lotto.no portal	●	
Establish a project to acquire a new computer solution for sports games, the sports games engine	●	
Develop a strategy for interactive games and prepare to launch new games		●
Establish a social panel	●	
Establish a gaming seminar in collaboration with Norsk Rikstoto	●	
Develop a gaming kiosk concept for the convenience trade		●
Ensure traceability and documentation by introducing an electronic document management system. Acquired in the autumn of 2010		●
Complete the new building. Plan the content, implement and operate systems on old and new infrastructure in the new computer rooms being constructed		●
Develop an environmental strategy for Norsk Tipping		●
Finance a new population survey on 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 specialists in the field (procurement March 2010)	●	
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 of 2010. Certification partner to be chosen through competitive tendering		●

# CUSTOMER IN FOCUS

Norsk Tipping has a clear social role.

- We will give players a responsible gaming offer
- We will give players an attractive gaming offer
- We will provide the largest possible profit for good causes



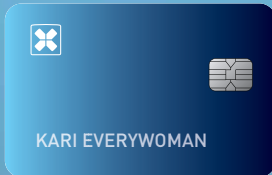
ALMOST NOK 4 BN FOR GOOD CAUSES IN 2010

 **NOK 1.6 BN**  
 45.5 per cent of games revenue went to sports

 **NOK 1.3 BN**  
 NOK 36.5 per cent of games revenue went to culture

## AS MUCH AS POSSIBLE BACK, IN THE BEST POSSIBLE WAY

No genuine pleasure can be had from gaming without a responsible foundation. Striking the right balance between responsibility and attractiveness is difficult, not least at times of rapid technological progress. Norsk Tipping faces an important process of renewal in order to channel people's desire to play towards responsible gaming. See [spillevelt.no](http://spillevelt.no) (in Norwegian only) to learn how the company emphasises responsible gaming throughout its range of games, both today's and tomorrow's.



During 2010, 350 Norwegians became millionaires after winning one of Norsk Tipping's games. A total of 43.9 million prizes were paid.

Kari Everywoman is one of almost two million Norwegians who play Norsk Tipping's games. The player card each of them must use is the key to all these games in every channel. It ensures not least that the age limit of 18 is observed – and that everyone gets their prizes.



**NOK  
617 MILL**

18 per cent of games revenue went to socially beneficial and humanitarian causes

**EXTRA NOK  
235 MILL**

Profits from the Extra game resulted in NOK 235 million for the ExtraFoundation



**NOK  
264 MILL**

Players donated NOK 264 million to teams and societies via the Grassroots Share

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# WE ARE NOW LOOKING AHEAD

TORBJØRN ALMLID  
CHIEF EXECUTIVE OFFICER

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History will record 2010 as an important year for us. We put demanding issues behind us, and turned our attention to jobs which must be done in 2011 and beyond. During the year, we laid the basis for the modernisation and increased customer orientation which will characterise our activities in the future.

I would highlight three important facts about us in 2010.

## 1. Solid financial result

Our financial performance was exceptionally good in 2010. Based on operations for the year, we can provide an extra NOK 270 million to good causes compared with the year before. This is well above budget. The games yielded good results, while we managed to reduce costs more than planned. Our goal for 2010 was to cut NOK 100 million from our spending by 2012, but we have more or less reached that target already. We can thereby deliver more to good causes.

## 2. Modernising our IT infrastructure

We established an IT platform in 1992 for game production which was very modern for its time. Over the years, new games and channels were established and the IT platform was expanded to meet emerging requirements. As a result, solutions have eventually become more complex to maintain and develop. With more than 200 million sales transactions every year, it is important to be able to offer our customers modern and robust solutions. We have accepted the consequences of that, and worked in 2010 to take everything apart and establish separate



computer solutions for the various games. The result will be reduced risk of system failure, more cost-efficient operation and far better opportunities for renewal. With a new infrastructure for the IT systems in place, we will be able to develop new games more quickly. This also gives us opportunities to cooperate with other gaming companies on operating computer solutions and on innovation processes. We have already been in contact with Nordic counterparts on a collaboration which also includes the operational side. That could yield additional cost savings. We are in the process of conducting a joint Nordic study of the opportunities which a new and modern IT structure will offer. These are substantial.

## 3. We put the investigation behind us

The third development I would highlight is the termination of the Auditor-General's

expanded audit for 2000-07 and the independent investigation conducted in the wake of that work. This affair has been demanding for the organisation, creating unrest and frustration. But I feel that it has now been so thoroughly illuminated that we have been able to draw the necessary conclusions, put this demanding business behind us, and turn our gaze to the future.

As I see this future, we have political operating parameters which give us the space for development. Most of the 10 priority tasks we have set for 2011 will be significant for our customers. This list shows that we are serious about our message that we will renew ourselves. A modern company must change continuously in order to be attractive in a changing market.

## CHIEF EXECUTIVE OFFICER

Torbjørn Almlid

### CHIEF FINANCIAL OFFICER

Responsible for accounting, pay, finance, enterprise and risk management, security and archives. Vice president Randi Helene Røed. 20 employees.



### STRATEGY/LEGAL AFFAIRS/PROPERTY/PROCUREMENT

Responsible for the company's strategy process, legal issues, real property and procurement. Acting vice president Bjørn Helge Hoffmann. 32 employees.



### HUMAN RESOURCES

Works on developing Norsk Tipping's human capital, including personnel issues, health/healthy living and management/employee development. Vice president Gro Sørbø. Five employees.



### COMMUNICATION AND COMMUNITY RELATIONS

Responsible for external and internal communication, TV production, reputation building and sponsorships. Vice president Peer Jacob Svenkerud. 13 employees.



### RETAIL AND BRANDS

Responsible for Lotto, Viking Lotto, Joker, Extra, Keno, Flax, advertising and market communication, the retailer channel and customer service. Vice president Thorbjørn A Unneberg. 108 employees.



### INTERACTIVE

Responsible for Tipping, Oddsen, Multix, Belago, interactive channels, customer and market understanding, and dialogue with customers. Vice president Jan Peder Strømli. 46 employees.



### GAMES PRODUCTION

Responsible for operation of IT systems, game transactions, maintenance of interactive video terminals (IVTs), user support and execution of draws. Vice president Per Ove Skomakerstuen. 90 employees.



### PROJECTS

Works on project execution, data warehouse services, application development and management, integration solutions and services for testing and quality assurance. Vice president Trond Karlsen. 51 employees.

# PRODUCT OVERVIEW



Highlight 2010: 184 people became Lotto millionaires.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
3 700 586 376	6 707 940	1 754 688	3.8	2 121



Highlight 2010: A man from Akershus county won NOK 46.5 million – a new payout record.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
2 049 583 308	10 016 416	1 429 413	7.0	1 439



Highlight 2010: Celebrated its 10th anniversary.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
897 494 860	3 801 188	1 369 910	2.8	659



Highlight 2010: 557 health and rehabilitation projects supported from the profits.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
926 774 310	1 781 898	810 937	2.2	1 149





norsk-tipping.no

Highlight 2010: Norsk Tipping sold 4 000 kilometres of Flax scratchcards.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
1 021 245 200	9 926 638	940 000	10.6	1 090



norsk-tipping.no

Highlight 2010: Keno paid its biggest prize to date: NOK 5 million.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
352 464 660	6 551 492	189 634	34.6	1 860



norsk-tipping.no

Highlight 2010: More than 1.8 million prizes were paid.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
1 564 561 837	1 834 976	239 937	8.0	6 851



norsk-tipping.no

Highlight 2010: Highest prize paid was NOK 5.4 million.

TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
707 024 253	3 295 683	302 151	10.9	2 340



Highlight 2010: Players received more than NOK 3.2 billion in prizes.

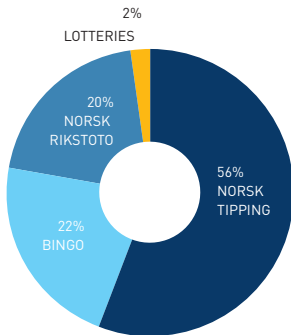
TURNOVER IN NOK	PRIZES	NUMBER OF PLAYERS	AVERAGE PRIZES PER PLAYER	AVERAGE TURNOVER PER PLAYER
3 530 063 079	236 186 012	99 361	2 377	35 528

More than 90 per cent of Multix turnover is returned to players in the form of prizes. These are largely used to play again, which explains why gross turnover is high.

# THE GAMING MARKET

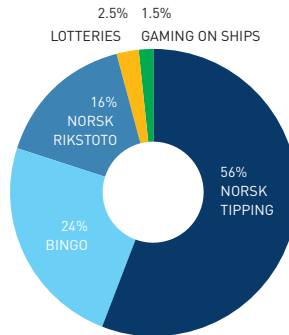
THE GRAPHS SHOW MARKET SHARES IN THE REGULATED NORWEGIAN GAMING MARKET

GROSS TURNOVER 2008



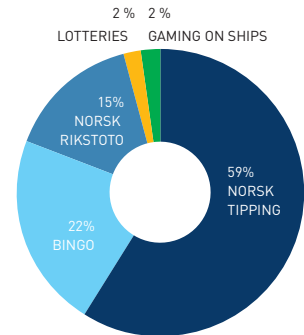
TOTAL TURNOVER 2008  
NOK 19 BN

GROSS TURNOVER 2009



TOTAL TURNOVER 2009  
NOK 22.3 BN

GROSS TURNOVER 2010 (ESTIMATED)



TOTAL TURNOVER 2010  
NOK 25 BN

## GAMING MARKET TRENDS IN 2010

Gross turnover in the regulated Norwegian gaming market increased by NOK 2.5 bn during 2010, according to preliminary estimates by the Norwegian Gaming Board. The most important reasons are the progress made by Multix and an increase for bingo played through contractors. The Gaming Board has calculated that turnover for the latter rose despite the removal of the bingo machines on 1 April. Data bingo, which was not covered by the ban, grew strongly.

Norsk Rikstoto (horse betting) had a gross turnover of about NOK 3.7 billion, an increase of one per cent.

Gaming on Norwegian-registered ships was recorded for the first time in 2009. These vessels offer gaming machines and table games (blackjack and roulette), and had a 2010 turnover of NOK 469 million.

Despite the payment ban introduced on 1 July, gaming on foreign websites increased by about NOK 1 billion from 2009. According to the Gaming Board, about 160 000 Norwegians – a decline of 30 000 from the year before – spent NOK 5 billion on such sites. This figure corresponds with Norsk Tipping's own calculations.

# AS MUCH AS POSSIBLE BACK

# IN THE BEST POSSIBLE WAY

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2010

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## ABOUT NORSK TIPPING'S CHALLENGES AND OPPORTUNITIES



▶ **JEAN JØRGENSEN**  
MONOPOLY A GOOD MODEL



▶ **ANNE AASHEIM**  
CULTURAL OFFENSIVE



▶ **EINAR ØVERENGET**  
CHOICE AND  
RESPONSIBILITY



▶ **SVEN MOLLEKLEIV**  
ATTRACTIVE AND  
IMPORTANT



▶ **ARNE HJELTNES**  
DIALOGUE WITH  
THE YOUNG



▶ **JØRGEN RANDERS**  
EFFICIENCY EXPECTED



▶ **LARS SPØNHEIM**  
EXECUTING THE  
COMMISSION

“ Norway must decide how the channelling of interactive games on the internet, such as casino games and poker, is to be organised.

“ Norsk Tipping must develop services which make Lotto more interesting to people below the age of 45.

“ You must identify how gaming IVTs can become a bigger commercial success – not just a political success.

# MONOPOLY A GOOD MODEL

## JEAN JØRGENSEN

EXECUTIVE DIRECTOR, WORLD LOTTERY ASSOCIATION, WITH 143 STATE-CONTROLLED GAMING COMPANIES AS ITS MEMBERS

### How strong is the liberalisation trend in European gaming policy?

This is not about liberalisation, but modernisation. Gaming legislation is old, but modern technology means that things which could not be done before are now possible. So we're experiencing a modernisation to regulate the use of new technology. That applies not only to gaming, but also to every area where technical advances are a driver.

### Where does Norway stand in this modernisation wave?

Two principal directions can be discerned in European developments. One is to award licences to that part of the market which is most strongly affected by technological developments, such as sports betting, poker and casino games. Britain, Italy, France and Denmark are among the countries which are taking this route. The other main option is to strengthen existing monopoly companies and give them exclusive rights to web games as well. Portugal, Germany, Canada, Sweden, Finland and Norway are cases in point. Both directions are equally "modern". In other words, there's no basis for saying that Norway is going against the flow. The EU has indicated in a number of cases that regulation by strengthening monopolies is fine, as long

as the motive is to counter unfortunate aspects of money games.

### Technology is spreading to new areas, of course. Will developments mean that Lotto and scratchcards could also be regulated by licensing in some countries?

No country in the world has done this. The nature of these games makes it natural to give an operator the exclusive right to operate them. That does not mean it has to be a government monopoly, like Norsk Tipping. In the UK, private company Camelot has been given the sole right to run such game types, and an organisation of that kind is naturally possible elsewhere. The point is that people are sticking to the monopoly model. That's flourishing, creates secure frameworks for consumers, offers entertaining games and provides large revenues for socially beneficial purposes.

### Do you get the impression that Norway has chosen its modernisation route once and for all?

I believe Norway must decide how it's going to regulate games which flourish on the internet, primarily poker and casino games. You can't simply shut your eyes to their disagreeable aspects. If Norsk Tipping isn't given exclusive rights to operate, somebody else will ensure that Norwegians can play such games.



“ More money for cultural purposes via the distribution formula.

“ Get better at showing how games revenue are allocated.

“ Document what games revenue mean for value creation in the cultural sector.

# CULTURAL OFFENSIVE

## ANNE AASHEIM

DIRECTOR-GENERAL,  
ARTS COUNCIL NORWAY

**Congratulations on your recent appointment as director-general of Arts Council Norway. The council took over the secretariat job for the Cultural Rucksack on 1 January 2011 from the county council cultural departments. Will that mean any changes?**

Since I'm fairly new in this post, it's too early for me to answer that question. But we will at least ensure the continuation of the positive and important work which has been done. The Cultural Rucksack has meant a lot for many people over a decade. It has given young people access to and familiarity with art and culture. Music, drama, film, the visual arts, literature and cultural heritage – all represent important knowledge transmitted through the Cultural Rucksack. We'll ensure that the 10th anniversary is celebrated in an appropriate manner, at any rate.

**The education sector faces many challenges – including teaching materials and improvements to school buildings. Do you think the Cultural Rucksack would have seen the light of day without the funds earmarked from Norsk Tipping's profits?**

I quite simply don't know. I'm aware that a great many countries are envious of this measure. Games revenue has undoubtedly made a significant contribution to

transmitting various art forms to all school pupils over the years.

**Synovate carries out annual surveys for Norsk Tipping. These show that most people associate the company's profits with sport. And the large majority give their Grassroots Share to sports. Do you think that accepting funds from Norsk Tipping's money games is considered a little less acceptable in cultural circles?**

I don't think so – not as long as the gaming market is regulated in a secure and ethically acceptable manner, which we have a history of doing in Norway.

**When Synovate asks people if they know where Norsk Tipping's profits go, seven out of 10 mention sport but less than two out of 10 know that they also go to culture. Why do you think that is?**

Some of the blame must rest with Norsk Tipping itself. I note that 90 per cent of the money it devotes to sponsorship goes to sports. The fact that the bulk of the money for cultural purposes goes to the Ministry of Culture for allocation to "anonymous" beneficiaries – unlike the more readily identifiable sporting support – may also play a part.



# NOK 10 MILLION PER DAY TO GOOD CAUSES



**NOK 1 558 000 000**

went to sports in 2010

Norsk Tipping's operations contribute more than NOK 10 million to sport, culture, and socially beneficial and humanitarian causes every single day throughout the year. Since its creation in 1948, the company has contributed more than NOK 96 billion to good causes.

Profits for 2009 were allocated during 2010 in accordance with the distribution formula (as shown on the left).

Over the past six years, some 9 000 sporting facilities have been partially financed with games revenue from Norsk Tipping. These contributions include:

- 933 artificial grass pitches
- 913 mini-pitches
- 454 sports halls
- 298 sand volleyball courts
- 286 bathing/swimming pools
- 162 skateboarding parks
- 26 clubhouses.

- The remaining NOK 833 million is allocated over the regular budget of the Ministry of Culture.

## NOK 1.7 million daily to social and humanitarian causes

Since 2009, 18 per cent of the profit allocated via the distribution formula has gone to social and humanitarian causes. That amounted to NOK 616.5 million in 2010. NOK 562 million was allocated in 2010, with the remaining NOK 54.4 million transferred for distribution in 2011. Allocations in 2010 were as follows.

Norwegian Red Cross	NOK 215 mill
Norwegian Sea Rescue	NOK 133 mill
Norwegian Cancer Society	NOK 69 mill
Norwegian Association of Disabled	NOK 20 mill
Norwegian Association of the Blind and Partially Sighted	NOK 18 mill
Norwegian People's Aid	NOK 16 mill
Norwegian Association of Heart and Lung Patients	NOK 12 mill
Save the Children	NOK 11 mill
Norwegian Refugee Council	NOK 10 mill
Norwegian Public Health Association	NOK 7 mill
Other	NOK 51 mill



**NOK 1 250 000 000**

went to culture in 2010

## NOK 3.4 million daily for culture

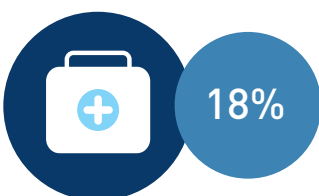
Cultural purposes benefitted by NOK 1.25 billion in 2010, with the funds allocated as follows.

- NOK 167 million to the Cultural Rucksack, which allows 800 000 children in primary, secondary and further education to experience various forms of art and culture. This scheme puts Norway among the world leaders for transmitting culture to children and young people in school. Key measures included NOK 9.6 million for Concerts Norway.
- NOK 124 million to cultural buildings
- NOK 125 million to the Volunteer Fund, including NOK 86 million to Norwegian organisations for children and young people, NOK 30 million to the Council for Music Organisations in Norway, and NOK 8 million to the Norwegian Theatre Council.

The "other" category comprises 374 social and humanitarian organisations which received revenues from gaming machines in 2001 and which have been approved by the Gaming Board as worthy of receiving gaming funds. The money is allocated by the Gaming Board on the basis of applications from the organisations.

## Profit from Extra game

Norsk Tipping has operated the Extra game for 14 years on behalf of the Extra-Foundation for Health and Rehabilitation,



**NOK 616 500 000**

went to social and humanitarian causes in 2010



“ Helping to award Dream Grants of NOK 10 000 to 100 young people with cultural talent every year makes my job enjoyable. Paradoxically, we get considerably more positive feedback about these grants than we do from securing NOK 3.4 million for the cultural sector every day.”

Gerd Holter, communications adviser

which receives the profit. That has allowed the foundation to award NOK 2.8 billion to 5 342 projects run by 314 organisations in the health and rehabilitation sector. Among other benefits, these funds have financed 639 posts at Norwegian research institutes over the 14 years.

Extra made a profit of NOK 232 million in 2009, which was allocated in 2010. The foundation awarded NOK 220 million of this sum to 557 projects. The Norwegian Council for Mental Health received the largest grant, totalling NOK 19 million for 38 projects.

Although gross turnover for Extra declined in 2010, the profit available for allocation by the foundation rose from NOK 232 million to NOK 235.4 million.

### Record year for Grassroots Share

Players allocated roughly NOK 264 million through the Grassroots Share in 2010, up by about NOK 53 million from the year before. This scheme allows players to determine how part of Norsk Tipping's profit should be allocated, in that five per cent of their stake goes to the team or society they nominate. At 31 December, almost 661 000 players had registered as donors and some 18 000 teams and societies were registered as Grassroots recipients.

Sports clubs receive two-thirds of Grassroots contributions, with cultural organisations accounting for roughly 10 per cent and the rest spread over other types of teams and societies.

As in 2009, by far the biggest single recipient was Vålerenga with its mass-participation football programme. The club received NOK 2 million from around 3 300 Norsk Tipping customers

### NOK 100 million in collaboration deals

Norsk Tipping devoted some NOK 100 million in 2010 to collaboration and sponsorship agreements. These broke down as follows.

Sports-related	NOK 89.3 mill
Culture-related	NOK 5.9 mill
Socially beneficial	NOK 1.6 mill
Other	NOK 3.2 mill

By far the biggest collaboration deal, worth NOK 67 million annually, is with the Football Association of Norway. This is followed by a deal worth a total of NOK 14 million with the The Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF).

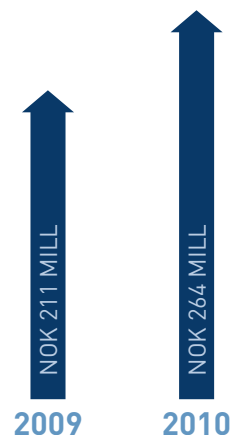
The largest culture-related payout was NOK 2.5 million for Music Boxes. Another important collaboration project in the cultural area is an annual contribution of NOK 1.9 million to the Norwegian Council for Music and Art Schools. These funds are spent on the Dream Grants awarded annually to 100 talented young people.

A new collaboration agreement worth NOK 1.6 million annually came into force in 2010 with the Norwegian Trekking Association.



See the statistics on page 69 for more information

### GRASSROOTS SHARE GROWING



Almost 661 000 players had registered as Grassroots donors at 31 December.

“ New games must be devised in a responsible manner.

“ Advertising for games must also continue to be formulated in a responsible way.

“ Norsk Tipping must help to ensure that people with a gaming problem come into contact with those who can help them.

# CHOICE AND RESPONSIBILITY

## EINAR ØVERENGET

PHILOSOPHER AND FOUNDER OF THE ACADEMY OF HUMANITIES

### Why do people like gaming so much?

Because life encompasses not only realities but also opportunities. Norsk Tipping appeals to the future. We know that many negative things can occur, but you say that “something good may happen”. A lot of people find that meaningful. It reminds me of my grandfather, who listened to all the weather forecasts on the radio and handed in his pools coupon every week. These were rituals in his life, which created a suitable degree of expectation and the hope of something good.

### How much responsibility should the state accept in preventing people from developing a gaming problem?

One way to remove compulsive gaming is to ban all gaming. Doing that would be a licence for organised crime. Money games

are fundamentally neither good nor evil, but can be provided in an acceptable or an unacceptable way. They are the classic “Mafia thing”. If the state acted in an authoritarian manner and banned gaming, the result would be both a high level of surveillance and organised, secretive and dangerous crime. At the same time, the state should not disempower citizens and treat them as incapable of looking after themselves.

### In other words, it's a case of striking a balance between authoritarianism and the art of encouraging players to be responsible. Must we accept that some people aren't responsible?

The state is a bit authoritarian, of course, and must be so. The games are regulated and the money goes to good causes. You've got to find the golden mean. Excessive control and a total absence of it have equally negative consequences. The individual has to accept personal responsibility. People must have the opportunity to make a choice.

### But some clearly make the wrong choices?

Yes. And we must accept that to a certain extent. The fact that Norsk Tipping exists means that certain people will play beyond their means. Some will do that regardless of how you regulate.

### Do you think Norway has found the golden mean where money games are concerned?

I think we're pretty close. It's important to shape the games so that they don't create too much temptation, like the old gaming machines did with the sound of clinking coins, blinking lights and other effects. The internet has its own traps. People sit at home with little opportunity of adjustment. Nevertheless, I don't think prohibition is effective here either.

### Some people criticise the marketing of money games. Is it morally acceptable to encourage dreams of riches when the chances are so small?

I think most people have a healthy scepticism about advertising. You certainly don't devote much time to explaining how small the chances are, but they nevertheless exist. In that respect, I think advertising from Norsk Tipping is closer to the truth than much other product promotion. I don't think advertising is the strongest driver for buying games. Media reports about players who have won are much more influential. It would be wicked if Norsk Tipping published the names of all big winners.



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# WORKING CONTINUOUSLY FOR RESPONSIBLE GAMING

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## POLICY FOR RESPONSIBLE GAMING

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1. Norsk Tipping shall have a defensible and secure gaming administration
  2. Norsk Tipping shall identify risk elements in the Company's games, services and methods of distribution, and shall introduce corrective remedies in order to ensure responsible gaming
  3. Norsk Tipping shall make the necessary arrangements for players to take control of and conduct their gaming activities with a basis in sound common sense
  4. Norsk Tipping's marketing of gaming products shall not be misleading or encourage participation over and above the player's means
  5. Norsk Tipping's communications in the public arena shall be open and based on facts concerning the Company's activities
  6. Norsk Tipping shall provide all employees and agents with training in responsible gaming
  7. Norsk Tipping shall have expertise on the negative aspects of gaming and knowledge of how these can be prevented
- 

Work on introducing an age limit of 18 for all games as well as a tool for setting personal limits was delayed. These were put in place on 10 February 2011. Measures implemented in 2010 in line with the principles in Norsk Tipping's policy for responsible gaming (see left) are presented below.

**1. Certification of responsible gaming.** European Lotteries, the organisation for state owned lotteries in Europe, has developed a standard for certifying responsible gaming. The basic work for certification of Norsk Tipping was done in 2010. Det Norske Veritas (DNV) evaluates the extent to which the company meets the requirements, and concluded in February 2011 that it could recommend the certification of Norsk Tipping to the standard.

**2. Securing expert comments.** Norsk Tipping always secures comments from experts when developing new games, services and distribution methods. The company also maintains close contacts with the Norwegian Gaming Board, which issues an expert statement before possible approval by the Ministry of Culture. Among other resources, the Gaming Board utilises tools which identify a game's risk profile.

**3. New tools.** A tool was developed by Norsk Tipping in 2010 which players can use to set limits on how much they want to spend on their gaming in every channel. This became available on 10 February 2011.

A new self-administered test on the www.spillevett.no website had its first full year in operation during 2010. Developed by Sweden's Gaming Institute, this test gives players the opportunity to check their gaming habits. A key aim is to detect players who are about to develop a gaming problem. The test was taken by 1 041 people in 2010.

**4. Comments on marketing.** The Gaming Board's report on marketing activities for the second half of 2009 identified one non-conformance. This related to the use of children in advertisements for a Fair Play campaign. The Gaming Board had no comments in its report for the first half of 2010. Its report for the second half will be covered in Norsk Tipping's annual and social report for 2011.

**5. Social Panel and Quarterly Forum established.** Norsk Tipping established a Social Panel in 2010. Its 13 members are intended to reflect the outside world's perception of the company and to make proposals on how it can best fulfil its social role. The panel has no decision-making powers. It is composed of representatives for the beneficiaries, games developers, interest organisations, players and others. Two meetings were held in 2010. At the first of these, the panel proposed that a representative from the Norwegian Society for Problem Gaming should attend as an observer. That was agreed. At the panel's own wish, it will meet four times a year.

As part of its work on responsibility, the company invites representatives of organisations, researchers and experts involved with compulsive gaming, the Helpline and so forth to an annual contact meeting.

The Quarterly Forum was established in 2010. This is a three-monthly telephone meeting between Norsk Tipping and the compulsive gaming organisations.

**6. Training in responsible gaming.** All new employees receive training in responsible gaming and take an e-learning course. Of 305 new retailers in 2010, 261 have completed the electronic course programme. The remaining 34 will be followed up in 2011. In addition, 218 existing retailers passed the course on responsible gaming.

“ We must walk the talk. If we say we’re attractive, we must be that in every channel and with the games which customers want. If we say we’re responsible, we must be so – in part by offering our customers tools which allow them to have a conscious attitude to their own gaming.”  
Linda Eng Strand, manager customer dialogue

This is a key issue in the retailer training conducted at Norsk Tipping’s premises.

**7. Securing expertise.** Norsk Tipping seeks advice from such bodies as the Swedish Gaming Institute on issues related to gaming problems. The company also contributes to research in the field, in part through the allocation of 0.5 per cent of its profit by the Ministry of Culture to the national action plan against money game problems.

The company offers big winners (above NOK 2 million) five hours of free guidance.

**New survey of gaming habits**

The Synovate polling organisation has conducted surveys of gaming habits in the Norwegian population since 2005. The 2010 poll identified a significant rise in the number of players without problems compared with the 2008 survey (up by 1.8 percentage points, or about 165 000 people). This is a positive trend, which suggests that both official money game policy and Norsk Tipping’s measures against compulsive gaming have had the desired effect. The share of the population with a gaming problem rose from 1.9 to 2.1 per cent. This development is within the margin of error for the 2008 survey. It is also worth noting that Synovate has revised its method for calculating the number of players with a gaming problem.

Synovate concluded that there appears to be a general decline in the proportion of Norwegians with a gaming problem, and that those with a moderate form of compulsive gaming have either ceased to play or developed a rather greater problem with their gaming.

**More calls about Oddsen**

Statistics from the Helpline for compulsive players shows that Oddsen is the Norsk Tipping game which inspired the largest number of calls. It was also the game with

the biggest increase in calls during 2010. Norsk Tipping has taken note of this development and will follow it up closely in 2011 – in part by seeing the effect of introducing tools for setting voluntary limits.

The figures show that poker and casino games on foreign websites accounted for 38 per cent of the main problem games the Helpline was contacted about in 2010. Oddsen generated 23 per cent of calls, with the version from Norsk Tipping accounting for some 78 per cent of calls in this category.

**Good security work**

Security efforts aimed at combating misuse of the player card, identity theft and other fraud have been intensified in recent years. The number of cases of fraudulent use of player cards declined from 236 in 2009 to 193. An important reason for this development is that Norsk Tipping implemented text message alerts to customers when PINs were changed or a supplementary card issued. This made it easier to spot attempts at identity fraud. Text message alerts are one of the measures in an action

plan on security at the retailers and venue operators which was adopted in 2010. This plan includes security instructions for retailers. Some of its other measures have been delayed because of work on renewing the IT infrastructure, but will be adopted in 2011.

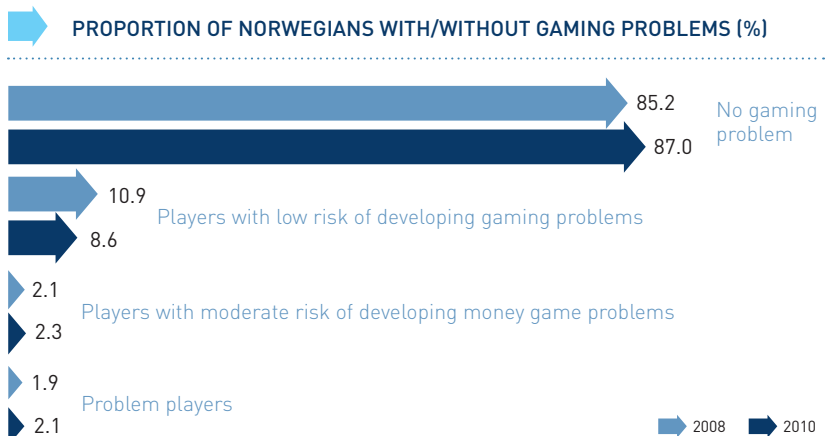
Norsk Tipping was nominated for the second year in a row for the Fidus prize in recognition of its good security measures. The company is certified annually to the ISO 27001 security standard and the World Lottery Organisation’s security control standard.

**Increased trust in Norsk Tipping**

Synovate conducts a survey of popular attitudes to Norsk Tipping every year. One of the statements put to respondents is that “Norsk Tipping is concerned to limit compulsive gaming”. Forty-seven per cent agreed wholly or partly with this statement – up 10 percentage points from 2009. The proportion who wholly or partly disagreed fell from 50 to 36 per cent.



See the statistics on page 74 for more information



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### THREE CHALLENGES TO NORSK TIPPING FROM SVEN MOLLEKLEIV

“ Counter competition from international gaming companies. That’s important for Norwegian voluntary work.

“ Norsk Tipping must maintain customer affiliation through new media and forms of gaming.

“ Development of new games must be solidly rooted in an ethical attitude, so that the games are trusted by the general public and the voluntary sector.

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# ATTRACTIVE AND IMPORTANT

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## SVEN MOLLEKLEIV

VICE PRESIDENT CORPORATE RELATIONS AND CSR AT DNV AND PRESIDENT OF THE NORWEGIAN RED CROSS

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### Do you regard Norsk Tipping as an attractive company?

Unreservedly yes. To amplify that answer, I’d like to say something about the significance of voluntary work. Close ties exist between the voluntary sector and Norsk Tipping. Fifty per cent of Norwegians are active in voluntary work, and 80 per cent belong to one or more organisations. Volunteers do 115 000 hours of work per year, and Norway tops the world in that respect. The social significance of volunteering is much greater than the money saved. It’s a matter of the health benefits of playing the tuba, the feeling of being significant to others, the pleasure of being active, learning to master tasks and take responsibility. The voluntary sector is a school of democracy, and helps to create life itself for many people. Norsk Tipping is a big contributor to maintaining this immensely important social activity. That makes it attractive.

### Many people undoubtedly believe that the contribution to such an important activity should come from the state rather than money games?

Yes. But it’s important that the voluntary sector is unaligned and independent. It mustn’t be controlled by the authorities. Predictable funds from Norsk Tipping ensure such independence and provide secure operating parameters. At the same time, it’s naturally essential that these revenues are generated in an ethically accept-

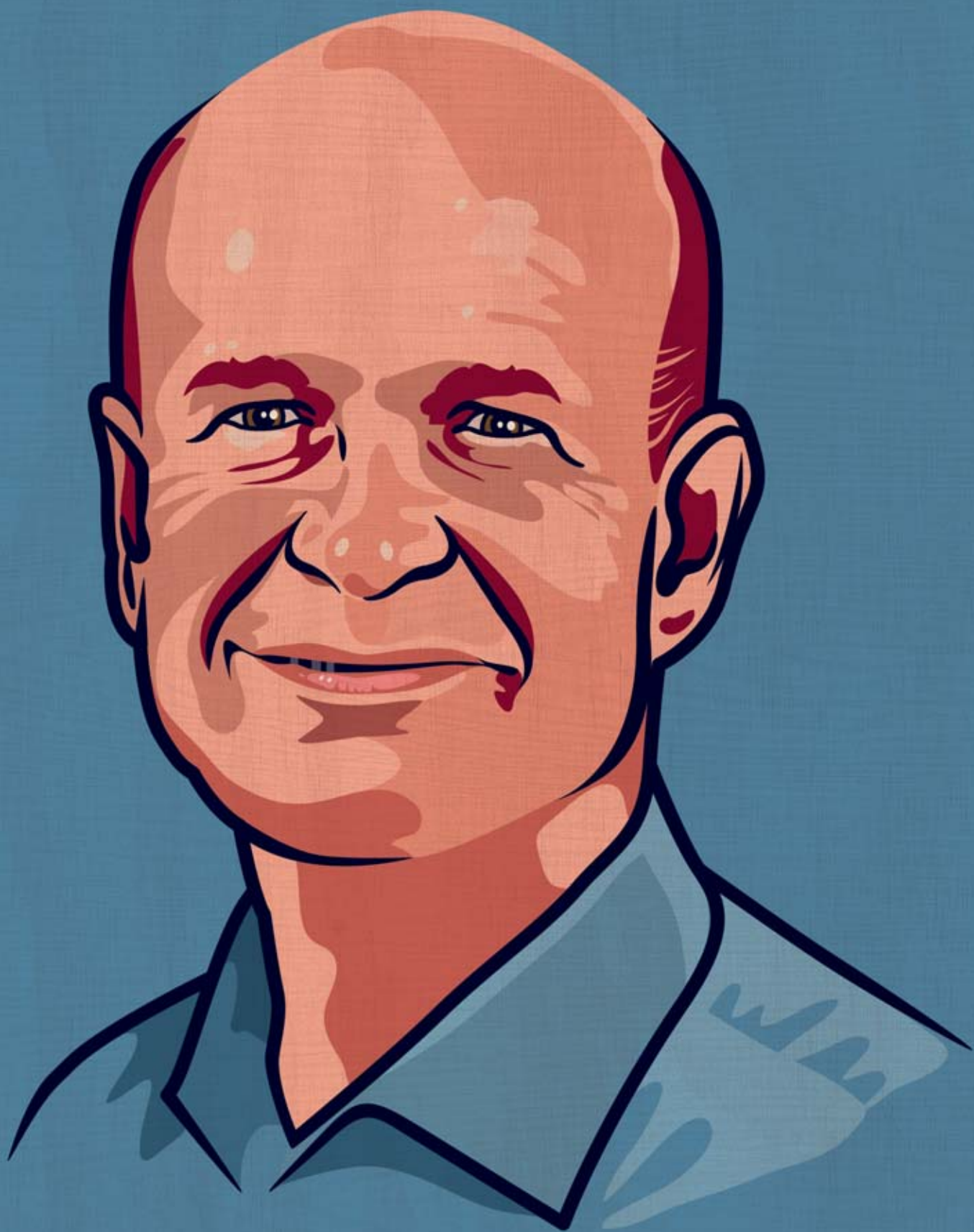
able manner through games which don’t create problems.

### Is this form of attractiveness, the revenues generated by gaming, something on which to build renewal and development?

Changing the distribution formula in 2008 so that part of the profit now goes to social and humanitarian causes was an important strategic move. I’m convinced that this strengthens people’s motivation to support Norsk Tipping. It’s made the company more attractive. Attractiveness lies in people’s perception. So I believe it’s important for Norsk Tipping to market the idea of the company as well as its social role and contribution.

### Do you think people will play Norsk Tipping’s games simply to support a good cause?

You’ll always have people who can be described as players, who choose foreign companies because they offer better odds. But I believe that the close association between Norsk Tipping and voluntarism means that active, socially committed people will help to strengthen Norsk Tipping. For young people, and for those who’re most active in voluntary work, such an affiliation is important. We’re actually talking here about a Kinder egg – the excitement of participating in the game, winning a prize and occasionally contributing funds to good causes. The Grassroots Share strengthens that affiliation, and makes Norsk Tipping even more attractive.



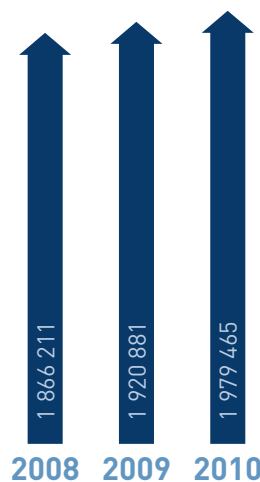
# RECORD TURNOVER – AGAIN

Sale of games totalled NOK 14.7 billion in 2010, setting a new turnover record for Norsk Tipping. Gross turnover growth amounted to NOK 2.2 billion from 2009. However, it should be noted that Multix accounts for NOK 1.9 billion of the increase. Gross turnover for this game is high because more than 90 per cent of the amount staked is returned to the players in the form of prizes – which are used to a great extent to play again.

## Developments for the traditional games

- **Viking Lotto** had a good year, with turnover up NOK 312 million. An important reason was more jackpots, which created big prizes.
- **Joker** benefited from Viking Lotto's progress, and increased turnover by NOK 76 million.

## TWO MILLION CUSTOMERS SOON



The figures are for customers at 31 Dec.

- **Flax** passed NOK 1 billion in sales, which rose by NOK 43 million.
- **Oddsén** also grew, with turnover up NOK 15 million.
- **Lotto** experienced a decline of NOK 61 million.
- **Keno** declined by NOK 28 million.
- **Tipping** declined by NOK 25 million
- **Extra** declined by NOK 24 million

## Nearly one millionaire a day

No less than 350 Norwegians were paid NOK 1 million or more in prizes by Norsk Tipping in 2010. The figure for payments of small and medium-sized prizes is huge, with 43.9 million such surprises paid during the year.

## Soon two million customers

If the number of customers is a measure of support for Norsk Tipping, the conclusion must be that this is very good. The company had 1 979 465 customers at 31 December, up by 135 863 from 2010. The player base – the number of customers who have played during the latest 13-week period – was 80 per cent at 31 December. That is in line with the target. During the previous 52 weeks, 95.5 per cent of customers played at least once. That is also in line with the target.

## Retailer stability

The retailer channel, including Gaming at the Checkout, had a turnover of NOK 9.55 billion in 2010 – down by NOK 96 million from the year before (which comprised 53 weeks). The trend towards a changed buying pattern, with sales moving from convenience stores (kiosks) to grocery shops, continued during 2010.

Norsk Tipping had 4 005 retailers at 31 December, a decline of 33 from the year before. The roughly 20 000 employees in this big retailer network are the company's face to the customers. Norsk Tipping gave great weight in 2010 to providing web-

based training programmes for retailers. During the year, 2 037 e-learning courses were taken concerning the products, use of the terminal, the Grassroots Share and responsible gaming.

In addition to web-based teaching, Norsk Tipping holds traditional classroom courses at its premises. These are directed primarily at new retailers, but anyone can take part. A total of 46 courses were held at Hamar and nine in shops during 2010.

## Increased mobile sales

The sale of games via mobile phones increased by 52.4 per cent, from NOK 144 million in 2009 to NOK 219 million. A total of 53 000 customers played in this way.

## Web sales up

Growth in turnover on the internet was substantial in 2010, rising by no less than 31.2 per cent from the year before. Over a two-year period, turnover on the web has increased from NOK 830 million to almost NOK 1.5 billion. There were 292 000 players on the internet.

Mobile and web customers typically play sports games. Oddsén accounted for 27 per cent of turnover on the internet and 52 per cent via mobile. The increased accessibility to games provided by electronic channels presents challenges for Norsk Tipping, as do the Helpline statistics which show that the number of calls about Oddsén roughly doubled in 2010. The company is following this development closely.

## More customer-friendly via web partners

Norsk Tipping had retailer contracts with eight web partners at 31 December, as well as pilot collaboration with three others. From web partners such as TV2.no, players can access norsk-tipping.no directly.



“ More than 20 000 employees at our 4 000 retailers do a great job. It’s certainly great to work in a company which will soon have its two-millionth customer and where we help to ‘appoint’ 350 Norwegians as millionaires every year.”

Astrid Hermansen, concept manager

Turnover via the web partners reached NOK 280 million in 2010, representing substantial growth from NOK 117 million the year before.

The Norwegian Gaming Board undertakes half-yearly assessments of Norsk Tipping’s games in electronic channels. In its report for the first half of 2010, the board registered one non-conformance with the regulations. That related to a lack of information about compulsive gaming where the Lang-Oddsen game was offered by three of the web retailers. The Gaming Board recommended that the links to [www.spilleveit.no](http://www.spilleveit.no) and the Helpline be made more visible. This was put in place during December by two of the web partners, while the third complied in the New Year.

#### Gaming at the Checkout

Players were able to deliver games at the regular checkout in certain shops during 2010 for the second year in a row. This offer was extended during the year to 490 REMA

1000 shops. In addition, contracts have been entered into with the Kiwi and Bunnpris budget chains on roll-out to their stores in 2011. This sales solution is accordingly expanding rapidly. Turnover via Gaming at the Checkout in 2010 came to NOK 166 million, compared with NOK 22 million in 2010. A total of 320 000 unique users tried the scheme. Experience indicates that it leads to increased turnover of games.

#### Customer service satisfies

Retailers have never been more satisfied with the service they get from Norsk Tipping than they were in 2010. Measured by customer service experience among a selection of retailers who have been in contact with the service centre, satisfaction was no less than 91 – up by six from 2009. A result of more than 80 on a scale up to 100 is regarded as very good, and is also Norsk Tipping’s target.

The goal for the customer service experience by customers – again 80 – was also

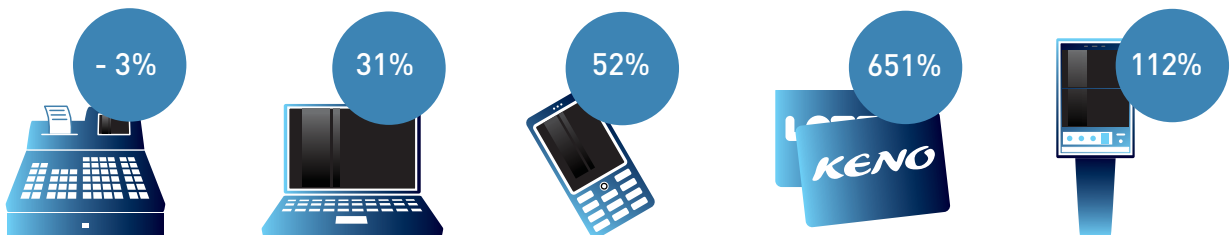
reached. The 83 scored was slightly lower than in 2009, but is nevertheless very good. The proportion of telephone calls answered within 20 seconds was 74.8 per cent, and response time averaged 22 seconds. The percentage of e-mails answered within two hours declined from 96.4 to 90.7 per cent. Average waiting time for all calls, including e-mail, increased from 31 to 58 minutes. All these parameters are well within the company’s target.

On average, the customer centre received almost 1 000 calls every single day in 2010 – a total of 355 000. That was up by 6 000 from the year before. In addition, customer service representatives placed 35 000 calls with retailers to follow up sales targets. That was down roughly 5 000 from the year before. The customer service department also made it possible to contact the centre via chat from late 2010.



See the statistics on page 67 for more information

### SALES OF NORSK TIPPING’S GAMES BY VARIOUS CHANNELS (percentage change)



#### Retailers

Roughly 4 000 retailers sold games worth almost NOK 9.4 billion, compared with about NOK 9.6 billion in 2009.

#### Internet

Games totalling more than NOK 1.4 billion were sold via the web channel.

#### Mobile phones

The mobile channel achieved big growth in 2010, with NOK 219 million in game sales.

#### Gaming at the Checkout

Sales of instant games at the checkout in budget stores totalled NOK 166 million.

#### Multix

Interactive video terminals with Multix games turned over NOK 3.5 billion gross.

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### THREE CHALLENGES TO NORSK TIPPING FROM ARNE HJELTNES

“ Involve young people. They like games. Give them an affiliation with the company.

“ Show a new generation the importance of Norsk Tipping’s activities in the community and for voluntary work.

“ Create a dialogue with those who will be involved in developing the product. Listen to what sort of games the new generation wants.

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# DIALOGUE WITH THE YOUNG

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## ARNE HJELTNES

GROUP CEO NORDIC, CREUNA COMMUNICATIONS AGENCY

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### **Viewed from outside, how do you assess Norsk Tipping’s need to renew itself?**

Substantial. This is about giving the young generation an affiliation with the company, just as mine had through the football pools. An important difference is that my generation received few offers through a limited number of channels, while today’s youngsters get a huge amount of information. The new generation is different. It demands dialogue. Young people expect their questions to be answered.

### **What do they ask about?**

An important part of Norsk Tipping’s renewal should concern getting even better at conveying what the company is for and what it contributes. We have created a Facebook solution for the Swedish Red Cross which allows donors to follow their donation from wallet to project. This is an example of the type of answer young people want. While my generation worried about completing our pools form properly, today’s young people are more interested in the environment and society and what distinguishes companies they want to affiliate with. A characteristic of customer-oriented companies is that they manage to create value through dialogue with their customers. Young people are basically players. So it’s also a matter of developing games in dialogue with the customer and

in the channels where customer groups are to be found.

### **Do you think it’s a problem to pursue renewal while having responsibility as a core value?**

By no means. I want to see a stronger focus on where the money goes. The company’s emphasis on social responsibility is valuable in a society with thousands of digital customers. The core issue in communication today is what distinguishes you from others. That story explains to the customer why they should choose your company. Norsk Tipping’s corporate social responsibility and contribution to society strengthen the company and mean that being its customer is perceived as more valuable.

### **What’s your impression of Norsk Tipping’s ability to renew?**

A very good one. Norsk Tipping has been an early adopter of new technology. It’s my experience that government agencies and state-owned companies are often the first to utilise innovative solutions. Norsk Tipping is a case in point.



# FOUNDATION FOR RENEWAL

Much effort was devoted in 2010 to a renewal of technology and the development of games and services. A lot of the goals for this work will be reached in 2011.

## IT structure for the future

The most visible result of the renewal process is the new office building, which was taken over by Norsk Tipping in February 2011. Tailored computer rooms in the basement provide the basis for building a new IT infrastructure which satisfies tomorrow's requirements. Plans were laid and strategies developed in 2010 for the renewal of the IT infrastructure. This will provide greater flexibility and even better security, and open for new games and services. New internal networks, servers, and computer solutions for number games – and later also for sports games – are key elements in the new and modern IT infrastructure.

## Developing web-based money games

The Ministry of Culture asked Norsk Tipping in November 2010 to study the development of web-based games. In its letter, the ministry explains this request by noting that "a guiding principle of Norwegian money games policy is to channel gaming activity towards secure and acceptable games subject to public control. Regulated Norwegian money games will counteract the establishment of illegal services with illegal and uncontrolled gaming, and the increase in the range of uncontrolled electronic money games on the internet".

Work on planning this new business area for the company, which calls for the launch of new types of games specially tailored for the web and mobile phones, began in 2010 and will have a high priority in 2011.

## Cooperating with bingo sector

Belago is another renewal project, where Norsk Tipping will replace bingo machines

with a new product. This assignment was given it by the Ministry of Culture after the government resolved to ban the old bingo machines. This prohibition came into force on 1 July 2010. Work on developing the new product has been conducted in dialogue with the bingo sector itself. Norsk Tipping launched a pilot project during January 2011 in five Norwegian towns.

The same IVTs used for Multix games will be installed in the bingo halls, but with other types of games and higher prize and loss limits than Multix. This reflects the fact that Belago is being installed in bingo halls, which players must visit in order to play. Belago has a maximum prize of NOK 2 500 and a loss limit of NOK 800 per day and NOK 4 000 per month. Players can set lower limits if they wish. In addition, they must take a compulsory break after one hour of play.

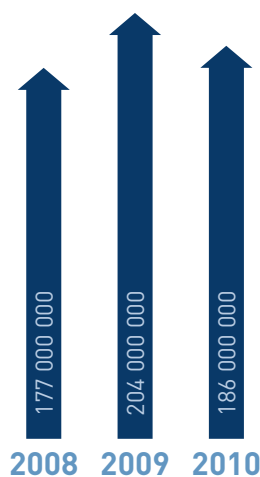
Responsible gaming has been an important requirement for the work. The Belago IVTs have the same responsibility parameters as those carrying the Multix portfolio.

## Acquisition of Norske Spill

Norsk Tipping acquired the rights to the Norske Spill brand from Reitan Servicehandel in December. This purchase also embraced a number of internet domain names and rights to the Yezz brand, as well as rights to permanent promotional space for Norsk Tipping's games in almost 400 Narvesen kiosks which are retailers for the company. Narvesen is owned by Reitan Servicehandel and was an important sales outlet for Yezz. This scratchcard, which was withdrawn on 31 December 2010, had a gross turnover on NOK 40.5 million in 2010. The profits went to eight of the largest humanitarian organisations in Norway.

Norsk Tipping sees a strategic and commercial value in this acquisition.

## REDUCTION IN MARKETING COSTS



Norsk Tipping was the ninth largest advertiser in Norway during 2010.

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“There’s a completely different mood of renewal in the company than was the case a few years ago. I’d say that the need for this is well understood. And I have a very clear impression that things are going to happen. We still have much to prove, but we’ll do that.”

Geir Vidar Kristensen, senior developer

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### Collaboration with 10 H

At the request of the Ministry of Culture, Norsk Tipping initiated a collaboration on game development with 10 humanitarian organisations in Norway in 2010. “10 H” unites the Norwegian Red Cross, the Norwegian Cancer Society, the Norwegian Refugee Council, the Norwegian Association for Public Health, the Norwegian Association of the Blind and Partially Sighted, the Norwegian Association of Disabled, the Norwegian Heart and Lung Patient Organisation, Norwegian People’s Aid, the Norwegian Society for Sea Rescue and Save the Children. The aim of the collaboration is to develop a portfolio of games which can yield revenues to these associations. Norsk Tipping established a project team for this partnership at 1 January.

### Collaboration on new game concept

Plans to establish a completely new venue for sports and gaming took shape in 2010. An agreement was entered into with partners Norsk Rikstoto, Reitan Servicehandel and TV2 to establish Ringside in central Oslo as a pilot project. All Norsk Tipping and Norsk Rikstoto games will be on offer there. Reitan will operate it, with TV2 responsible for broadcasting relevant sports, results, tips and statistics. Norsk Tipping owns this new gaming concept.

### More effective marketing

The company is also working on developments in the marketing area. Its short-term advertising strength (NT-Stas) project was established in 2010 to measure the immediate impact of advertising on the purchase of Norsk Tipping games. Since all customers must use their player card, the company can investigate the effect of adverts on them. It aims to utilise this tool to spend its advertising funds in a way which yields the best return for the beneficiaries and more effective channelling of Norwegian players to Norsk Tipping’s regulated games.

Norsk Tipping reduced its spending on market communication by 8.5 per cent in 2010, from NOK 204 million the year before to NOK 186 million. By comparison, figures from Nielsen advertising statistics show that Norsk Tipping’s competitors increased their marketing spend by about two per cent. This means that Norsk Tipping ranked as Norway’s ninth largest advertiser in 2010, compared with sixth the year before.

### Frost praise

One of Norsk Tipping’s advertising films, the Flax production Frost, won a Silverfish award and went through the final of Goldfish – the annual contest to select the best Norwegian advertising films shown on TV2. This production also won the prize for the best advertising film for instant game products at the World Lottery Association congress in Australia.

### Commitment to social media

Norsk Tipping had its first full year with an active presence in social media in 2010. The principal aim of this commitment is to maintain good communication with potential and existing players as well as with stakeholders, and to promote the company’s products and services. A good example of how products can be launched in dialogue with customers on social media is the use of Facebook in 2010 for such events as the launch of the beta version of the company’s new solution for delivering games on the iPhone.

### Development of mobile apps

Norsk Tipping developed solutions during the year which makes it possible to buy games via Android phones, the iPhone and Samsung’s tablet. The launch of the iPhone app in October proved a particular success, with 20 000 customers downloading it over a two-month period. Norsk Tipping expects an increase in game sales via mobile phones in 2011.

“ Preserve a good corporate culture, with a solid and reflective organisation.

“ Develop and publish an environmental strategy as soon as possible. It’s not possible to be a modern organisation without one. And it should contain a climate strategy.

“ Publish which issues the company is lobbying for.

# EFFICIENCY EXPECTED

## JØRGEN RANDERS

PROFESSOR, NORWEGIAN  
SCHOOL OF MARKETING

**This chapter of the annual and social report refers to “an efficient and forward-looking enterprise”. Do you agree with that description of Norsk Tipping?**

What strikes me, after reading the annual and social report for 2009, is the huge number of customers you have, your big profit and your contribution to socially useful purposes. Moreover, the report shows that you have great understanding of the various considerations you must take into account – your social responsibility. I feel that this undoubtedly qualifies you as forward-looking.

**Does it pay for companies to be socially responsible? Does it boost revenues?**

The scientific answer is no. Many detailed studies have failed to show that a company which gives weight to social responsibility earns more than others. But they also indicate that companies don’t lose money from it, either. They do not end up with a net cost. So every company should give emphasis to corporate social responsibility, as Norsk Tipping seems to do.

**What must a modern company do to have a good reputation and loyal customers?**

Shareholder interests largely dominated 10-20 years ago. Today, a large number of interest groups make demands. Employees, the environmental movement, human

rights organisations and other idealistic bodies have an eye on the company. Sub-contractors are also required to treat employees properly and accept social responsibility. So every professional chief executive must analyse which interest groups have expectations of the company and then decide which demands should be met. In recent years, we’ve seen that leading companies publish their views on issues which have nothing to do with their commercial operation. I’d recommend that you publish the issues you lobby for, so that stakeholders can check the consistency between what the company says and does.

**From your position as someone involved in social debate, do you get the impression that Norsk Tipping does what it says?**

I only know you through the media – I’ve never bought a lottery ticket. But I’d say there’s approximate consistency. The annual report shows that you have a conscious attitude to your stakeholders. You seem to be aware of the considerations you must take into account – including those which extend beyond your owner. I think that’s largely reflected in the media. The only non-conformance I can come up with is the “gardener affair” and its consequences. That was very surprising to an outsider like myself, but I wouldn’t exclude the possibility that it’s strengthened you.



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# A CLEAR SOCIAL ROLE

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Norsk Tipping purchased goods and services worth NOK 1.2 billion from more than 900 suppliers in 2010. To improve quality, purchasing responsibility has been centralised to some extent in the procurement department. A renewal of the procurement policy was initiated in 2010, with an updated version introduced on 1 February 2011. New ethical guidelines for suppliers were adopted in 2010.

## Non-conformance in procurement procedures

Norsk Tipping was fined by the Norwegian Complaints Board (Kofa) for illegal direct purchasing, including i.a. food for the company's canteen. This followed a complaint from the Confederation of Norwegian Enterprise (NHO) over a number of Norsk Tipping's purchases. After the fine was levied, the NHO withdrew the rest of its complaints.

In a competitive tender relating to the development of the internet and mobile channel, one of the bids was rejected on the basis of formal errors. This rejection accorded with the provisions in the public procurement regulations. An application by the supplier to the courts for a restraining order was granted. Norsk Tipping opted in January 2011 to cancel the competitive tender in order to repeat the process.

A bidder in the competitive tender for the turnkey contract to supply the computer rooms in Norsk Tipping's new building appealed against the outcome of the process to Kofa. Having failed to win the contract, the complainant disagreed with the assessment of the winning bid on a number of points and maintained that Norsk Tipping had failed to comply with the public procurement regulations. Kofa found that Norsk Tipping had committed two breaches of the regulations. The complainant's other complaints about the bid assessment were rejected. Norsk Tipping was not fined.

In a competitive tender for a frame agreement on mobile communication and services, one supplier was rejected because its bid was not priced in accordance with the basis for the tender. This meant that Norsk Tipping was duty-bound to reject the bid. The supplier complained to Kofa in September 2010. This complaint was rejected by the Kofa secretariat in October on the grounds that it could not succeed. The secretariat's decision has not been appealed by the supplier.

## Quality audit of procurement process

A quality audit of Norsk Tipping's procurement process was conducted by KPMG in the second quarter of 2010. The intention



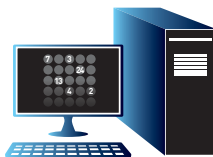
## COST SAVINGS ON PROCUREMENT

A number of the large procurement contracts entered into in 2010 were highly significant for efficiency and development.

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### New number game engine

New infrastructure for number games. Contract worth some NOK 150 million over 12 years awarded to Scientific Games.



### Multix games

Contracts awarded to three international companies. Worth some NOK 120 million over four years.



### New retailer terminals

Installation of retailer terminals, IVTs, flat panel displays and so forth at retailers and venue operators. Contract worth NOK 50-150 million over four years.





was to assess whether the procurement process is appropriate for making efficient purchases and for ensuring compliance with the Public Procurement Act.

The audit identified weaknesses in the process which hamper Norsk Tipping making purchases efficiently while also complying with the regulations. These were found in governing documents, the division of roles and responsibilities, routines and templates, organisation and expertise, system support, measurement, monitoring and reporting.

A progress plan has been created for following up the quality audit, with all its measures due to be implemented in 2011.

#### Nominated as supplier of the year

Norsk Tipping was nominated for supplier of the year award by the Mix chain (Norges-Gruppen's convenience stores) and came second.

#### Good and stable reputation

Synovate conducts two annual omnibus surveys on Norsk Tipping's reputation. Viewed over a longer period (2006-10), no clear changes can be seen in the way the company is perceived. Sixty-two per cent of respondents in both 2010 surveys said they

had a very or fairly positive overall impression of Norsk Tipping.

#### Great and positive media attention

Norsk Tipping is among the companies with the highest media profile in Norway. A total of 3 932 stories about the company appeared in print, broadcast and web media during 2010 – an average of more than 10 per day. About 77 per cent were positive.

#### Accessibility 99.95 per cent

Norsk Tipping processes a huge volume of data every year. During 2010, 196.2 million sales transactions were conducted and 44.4 million Flax scratch cards were distributed and sold. The company's requirement for customer accessibility is 99.5 per cent, and the figure for 2010 was 99.95 per cent.

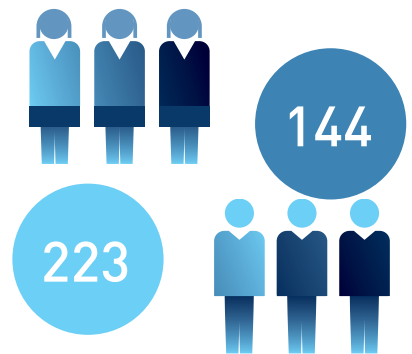
#### Environmental strategy postponed

The goal of completing an overall environmental strategy was not achieved in 2010. The new target is 2011.

#### Distribution of coupons

Efforts to cut the amount of paper sent to the roughly 4 000 retailers continued in 2010, when the volume was again reduced from 168.3 million coupons and Oddsen programmes in 2009 to 164.6 million.

#### NORSK TIPPING'S WORKFORCE BY GENDER



Employees increased from 360 in 2009 to 367. The proportion of women declined from 40 to 39 per cent.

#### TV agreement

Production of TV draws, communication videos and multimedia. Contract worth NOK 80-100 million over four years awarded to Fabelaktiv.



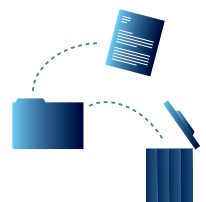
#### Printing services

First contract to cover all printing requirements. Yields a potential saving of about 30 per cent, based on the 2011 budget.



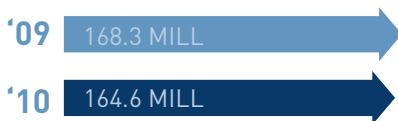
#### Document management

Electronic document management system acquired in October, implementation in first half of 2011.

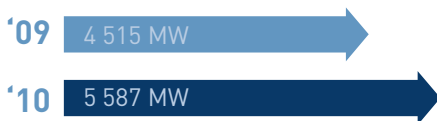


**ENVIRONMENTAL IMPROVEMENTS**

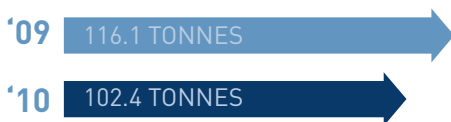
Coupons and odds programmes distributed



Electricity consumption



Waste



Production of all coupons and betting programmes, as well as this report, is approved in accordance with the Nordic Ecolabel. To meet this standard, the whole lifecycle of the product or service must be as environmentally tailored as possible.

**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 distribution company has an active and clear attitude towards environment-friendly operations.

**Increased power consumption**

Electricity consumption rose from 4 514 MW in 2009 to 5 587 MW, reflecting operation of a backup computer room outside Norsk Tipping's premises as well as additional power usage in one of the company's buildings, which has been used as temporary accommodation in connection with the new office project.

Despite the increase in power consumption, Norsk Tipping works actively on energy saving and efficiency. That has found expression in part with the new building, which applies the environmental principles enshrined in the national Green IT project. The government also complies with the government's directive on energy use in buildings. In addition, a commitment has been made to an environment-friendly district heating system. Waste heat from the computer rooms will be harnessed.

**Waste down 13.7 tonnes**

Norsk Tipping reduced waste in every category apart from glass and metal. The total volume of waste was reduced from 116.1 tonnes in 2009 to 102.4 tonnes.

**New working environment survey**

The company adopted a new system for working environment surveys in 2010. A main survey was conducted early in the year, with a short checkoff poll in the autumn. The survey focused on conditions which affect employee job satisfaction and performance as well as management compliance with the company's leadership principles and other factors. Responses were received from just over 90 per cent of employees in both cases.

All managers are responsible for presenting the report to their subordinates and involving them in devising measures. The September checkoff revealed progress on all 10 questions put about strengths and challenges.

The main survey showed that employees enjoyed their work. They are well informed about what is expected of them, and also feel they fulfil these expectations. The company sets clear targets and clearly identifies responsibilities. Progress in this area emerged from the survey.

According to the working environment survey, the main challenges lie in getting better at learning from each other and at continuing to develop ideas. Many employees also want to be able to make more use of their skills and abilities. The company is now paying close attention to dynamic resource management in order to ensure that resources go to priority development projects and goals. That will give many employees new opportunities during 2011.

**Pay deal reached through mediation**

The pay settlement in 2010 was a main bargaining round, which means that talks covered both pay adjustments and the full pay agreement. Negotiations were conducted with the Norwegian Union of Government

“ My colleagues would most certainly agree when I say that a high level of job satisfaction prevails among our personnel, while pride in working here has risen over the past year. ”

Tanja Sveen, HR adviser

Employees (NTL) and the Norwegian Society of Engineers and Technologists (Nito). No agreement was reached with the NTL, and the union issued a strike notice. A settlement was achieved through mediation without resorting to a stoppage. The outcome of the mediation was on a par with that for the Nito and the non-unionised staff.

Fifty-three per cent of the workforce are unionised. Norsk Tipping has agreements with the Federation of State Employee Unions/NTL and Association of Professional Organisations in Spekter/Nito. A new local branch of the Norwegian Society of Graduate Technical and Scientific Professionals (Tekna) was established in 2010, and a local agreement will be established in 2011.

#### Development of pay equality

The pay settlement in 2010 was implemented with an equal pay profile. A significantly larger amount was allocated through the equal pay pot than the central agreement assumed. One result was an improvement in pay equality among middle managers and the rank-and-file. However, the trend was negative in this respect for senior management and team leaders.

While the proportion of women in top management increased, it declined among middle managers and team leaders. The company has a clear target of strengthening female representation. This is a lengthy process because of low staff turnover and limited recruitment of managers.

#### Employees in Norsk Tipping

Some key figures about the organisation at 31 December 2010 are:

- the company had 367 employees excluding temporary workers and trainees, up by six over the year
- work-years performed in 2010 came to 372.9

- employees broke down as 95 per cent full-time, one per cent part-time and three per cent with reduced working hours at their own request
- 1.6 per cent of employees had an immigrant background, while full-time personnel with disabilities amounted to 0.54 per cent
- sickness absence averaged 4.4 per cent, unchanged from 2009
- one case of injury during working hours was recorded but did not lead to lost time
- no discrimination cases arose in 2010

Norsk Tipping is an expertise-based company, which puts great emphasis on developing employee capabilities. That includes participation in courses and seminars in addition to facilitating and supporting continuing education.

All new employees learn about the company's ethical guidelines, which provide "rules of the road" to help avoid personnel becoming involved in circumstance which could cast doubt on their independence and integrity.

#### New head of strategy/legal affairs/property

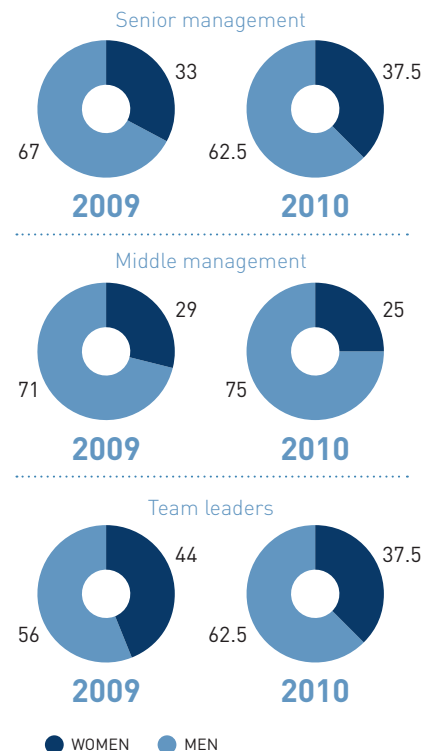
Siv Elisabeth Hveberg was appointed vice president for strategy/legal affairs/property. Bjørn Helge Hoffmann had acted in this role after the departure of Tollef Imsdalen. Before Hveberg was appointed, the procurement function was moved from accounting/finance to strategy/legal affairs/property. Hveberg resigned in February 2011, and Hoffmann is again acting vice president.

No changes were made in the composition of the board during 2010.



See the statistics on page 74 for more information

#### NORSK TIPPING MANAGEMENT BY GENDER (%)



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Norsk Tipping is under constant pressure to deliver gaming pleasure, responsible gaming and profits for socially beneficial purposes. Its ambition is to give back as much as possible in the best possible way, with a goal of providing NOK 3.4 billion via the distribution formula.

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# EXECUTING THE MISSION

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## LARS SPONHEIM

COUNTY GOVERNOR OF HORDALAND  
AND CHAIR OF NORSK TIPPING

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**“As much as possible back in the best possible way” is the title of this report. Is that relevant for Norsk Tipping in 2010?**

Yes. That title describes the clear ambition of the board and executive management over the past year – reducing costs in order to leave as much as possible for our beneficiaries, with the responsibility policy as the unalterable foundation. I’m very pleased that we’ve managed this at the same time as revenues have risen. That shows how much attention the organisation and the board are paying to delivering on what I call our contract – providing NOK 3.4 billion via the distribution formula.

**Does this put pressure on the directors?**

Yes. I feel that our owner is putting heavy pressure on us to fulfil the contract as fast as possible.

**Do you think this requirement could be regarded as something of a double-edged sword for a business whose primary job is to regulate the money game market and not necessarily make a big profit?**

No, because the responsibility policy underpins this and is not up for discussion. It’s a fundamental part of the organisation. I feel the community increasingly accepts that we’re fulfilling this responsibility in a good way and can give greater attention to the other part of our assignment – to give as much as possible back to good causes in the best possible way.

**Are you impatient? After all, you gave that impression during the media storm over Norsk Tipping’s involvement in developing web games?**

I am, partly to fulfil that part of our job which involves contributing a predictable income to the voluntary sector, and to channel gaming away from illegal foreign games to our responsible products. At the same time, we’ve had a very good year. We have put the problems around the Auditor-General’s investigation behind us, and gained acceptance for having done a proper clear-up. We can accordingly look ahead and do the job of channelling as much as possible to our responsible games.

**As a veteran politician, are you pleased with the understanding displayed by poli-**

**ticians and the government about Norsk Tipping’s work and assignment?**

I’m actually a little impressed. After all, those of us who’re involved in the business constantly hear people accusing us of being irresponsible. We must succeed with the responsibility line every day – and we do. In the midst of all the attention devoted to gaming and compulsive gaming, I find that the political community sees very clearly that we manage to deliver, not least in line with the responsibility policy, and that all other alternatives are significantly worse for the social role.

**Can Norsk Tipping take a larger slice of the turnover cake in the Norwegian gaming market?**

I believe so. We must succeed in offering web-based games. We must reach younger people. And we must offer good entertainment to the whole population. I believe we’ll reach these goals, and will then have a basis for securing a larger slice of gaming activity in society.

**Is it easy being the chair of Norsk Tipping?**

There’s constant external pressure. So it’s not easy when you have to be prepared for the glare of publicity. We have an unusually able organisation, executive management and chief executive. From that perspective, it’s very easy.



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# DIRECTORS' REPORT

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Norsk Tipping is a limited company wholly owned by the Norwegian state, with its business office in Hamar. It provides money games pursuant to the Norwegian Gaming Act. As in 2009, the board's work in 2010 gave priority to good commercial operation in order to ensure that as much as possible of the profit is distributed to the beneficiaries. With responsibility as a solid platform, the company devoted particular attention to the core values of "We are customer oriented" and "We are modern and forward-looking in what we do".

## Record turnover

In turnover terms, 2010 was a record year. Game sales totalled NOK 14.7 billion, up NOK 2.2 billion from 2009. Multix accounted for NOK 1.9 billion of this increase, but its gross turnover is high because it includes the use of winnings to continue playing. Multix's payout ratio is more than 90 per cent, and the prizes are largely used to play again. Net games revenue (turnover less prizes) increased by NOK 336 million to NOK 5.6 billion.

Apart from the results for Multix, this increase reflects a very good year for Viking Lotto, which achieved NOK 312 million in higher sales. An important reason was several large jackpots during the year. Joker also did well, with a growth of NOK 76 million. Multix turnover was virtually on budget, even though the company did not reach its target for rolling out interactive video terminals (IVTs). That primarily reflected low interest among retailers and potential venue operators. Developments for the Multix games must accordingly be regarded as positive, but the company has revised its business plan for the number of IVT locations.

## Continued focus on costs

The increase in revenues was accompanied



### CHAIR

**Lars Sponheim, 53**

Director since: November 2009

Other directorships: None

Education: MSc agronomy/agricultural agronomist

Job: County governor of Hordaland

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

by a cut of NOK 70 million in other operating costs. That meant the goal of a NOK 100 million reduction in costs during 2009-11 has almost been reached.

After the cost/benefit programme was implemented in 2009, most of the measures were entrenched in the organisation and in departmental action plans. This work has given good results. A critical review of consultancy agreements, for instance, and the renegotiation of contracts led to major savings. The strategy



### DEPUTY CHAIR

**Ingvild Ragna Myhre, 54**

Director since: 2007

Other directorships: Chair, Norsk Helsenett SF, Research Council of Norway and Simula Research Laboratory AS, director, Folketrygdfondet, Norsk Eiendomsinformasjon AS, Eidsiva Bredbånd AS and Inmeta ASA

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

for coming years is to maintain a flat overall trend in costs combined with rising revenues. That will provide a substantial enhancement in efficiency. Procurement of consultancy services will relate primarily to acquiring specialist expertise and less to securing capacity. The board considers the company to be on schedule in meeting its ambition of a further reduction in the overall use of consultants during 2011.

One of the measures in the cost/benefit project was a review of the collaboration deal

“ Record turnover was achieved in 2010. Net games revenue increased by NOK 320 million.

“ The board considers the company to be on schedule with its ambition of securing further reductions in the overall use of consultants during 2011.

“ The company will contribute NOK 3 924 million to good causes – NOK 3 425 million via the distribution formula, NOK 264 million through the Grassroots Share and NOK 235 million to the Extra-Foundation for Health and Rehabilitation from the Extra game.



**Paal Fure, 44**  
Director since: 2009  
Other directorships: Moods of Norway, Iprospect, Unit Management and Vizeum  
Education: MSc marketing studies, Norwegian School of Marketing  
Job: CEO, Isobar Norge  
Earlier important positions and jobs: CEO, Vizeum and Iprospect, vice president, Opinion and Bengal Consulting



**Siv Tørudbakken, 42**  
Director since: 2007  
Other directorships: Chair, Bompengeselskapet RV2 Kongsvingervegen AS, deputy chair, Bompengeselskapet E6 Gardermoen – Moelv AS and Vegfinans AS  
Education: Qualified worker with children and young people, cultural studies  
Job: Transport adviser, Hedmark county council  
Earlier important positions and jobs: Chair, county government of Hedmark



**Petter Torgerhagen, 44**  
Director since: 2007  
Other directorships: None  
Education: Informatics, Østfold University College  
Job: IT adviser, Norsk Tipping  
Earlier important positions and jobs: None

with the Football Association of Norway. Norsk Tipping has not found it appropriate to request a renegotiation of the agreement. Renegotiation of the agreement will be subject to an internal quality audit in 2011.

Norsk Tipping' prize funds were wound up at 31 December 2010, with a positive one-off accounting effect of NOK 392 million.

#### **Solid contribution to good causes**

Based on the accounts for 2010, NOK 3 924 million will be available for good causes. Of

this, NOK 3 425 million will be awarded via the distribution formula, NOK 264 million through the Grassroots Share, and NOK 235 million to the ExtraFoundation for Health and Rehabilitation from the Extra game. In addition, NOK 12 million of the profit is allocated to combating compulsive gaming.

The board is very satisfied with the financial result.

#### **Future development**

The company expects continued growth

in turnover during the next few years, in part because of the introduction of Belago (IVTs in bingo halls) and web-based games. Improvements to the basic IT systems used for the games are also expected to provide opportunities for increased flexibility and further development of existing games. This is expected to contribute to turnover growth. One company goal is a slower relative growth in costs than for turnover. Corrected for the one-off effect of winding up the prize funds, profit is also expected to increase in 2011. The board emphasises that uncertainty

“ Little uncertainty attaches to the accounting results and to the company’s financial status. The board believes that the company has a satisfactory equity and financial position.

exists when estimating future conditions. That applies particularly to the pace of rolling out Belago IVTs. Final operating parameters for these remain to be clarified.

### Balance sheet

The company’s total balance sheet at 31 December 2010 was NOK 4 648 million, with an equity ratio of 8.8 per cent. The corresponding figures for 2009 were NOK 4 962 million and eight per cent respectively. Equity was stable from 2009. The low equity ratio must be seen in relation to the nature of the company, with profits from operations during the year being accumulated for payout in the following year. At the date when funds are paid to the beneficiaries, equity has been strengthened by activity in the following year.

NOK 153 million was invested by the company during 2010 in new buildings. This contributed to a growth in fixed assets.

Uncertainty about future developments in the company’s financial position is low in the short term. The board takes the view that Norsk Tipping has a satisfactory equity and financial position.

Norsk Tipping’s investment fund was substantially reduced in 2008-10 as a result of increased awards by the authorities via the distribution formula (NOK 3 425 million per year). The fund declined from NOK 1 777 million in 2007 to NOK 260.2 million in 2010. To ensure satisfactory capital adequacy, NOK 150 million has been allocated to an undistributable equity reserve from 31 December 2010. Based on expectations for 2011, it is uncertain whether the company can transfer a similar amount on the basis of the accounts for 2011.

### Cash flow

Games revenue represents the company’s



**Silvija Seres, 40**  
Director since: 2007  
Other directorships: Statkraft AS, Aschehoug AS, Data Response ASA, Norman ASA, Norwegian Board of Technology  
Education: PhD in mathematics, Oxford University, and MBA, Insead  
Job: Director business management, Microsoft  
Earlier important positions and jobs: VP product marketing, Fast Search and Transfer, fellow, Oxford University, professor, Dar Al Hekma University, Saudi Arabia, director, Opera Software ASA and ProfDoc ASA

most important source of cash flow. Net cash flow from operating activities totalled NOK 3 896 million in 2010. The figure was NOK 3 093 million the year before. The main reason for the change was an increase of NOK 336 million in net games revenue (after prizes) as well as the effect of the settlement date on claims on retailers.

### Financial risk

Norsk Tipping has certain transactions and minor holdings in foreign currencies, and



**Eli Skjæret, 57**  
Director since: 2009  
Other directorships: None  
Education: College of further education  
Job: Customer service, Norsk Tipping  
Earlier important positions and jobs: None

is accordingly exposed in some degree to financial market risk. The company also has credit risk related to outstanding settlements from retailers. No significant bad debts related to retailers arose in 2010.

The liquidity position is regarded as satisfactory.

### True and fair picture

The board is of the opinion that the annual accounts give a true and fair picture of the



“ The Auditor-General’s investigation of Norsk Tipping has been a burden for the company, but has led to tighter routines and stronger cost controls.

“ The board’s main impression is that Norsk Tipping has good room for manoeuvre in protecting its exclusive rights and in continuing to develop the company.

company’s assets and liabilities, financial position and result of operations. In its view, little uncertainty attaches to the accounting results and to the company’s financial position.

#### **Investigation terminated**

On the basis of the Auditor-General’s report for 2009, which criticised cases where private financial interests had conflicted with the company’s interests, Norsk Tipping commissioned Deloitte to conduct an independent investigation of the circumstances. Deloitte’s report was considered by the board on 31 August. It criticised an involvement by Norske Tipping, via its Spillverden AS subsidiary, in establishing a national lottery in Sri Lanka. Deloitte took the view that Norsk Tipping failed to display good business ethics in this case. On certain points, it agreed with the criticism that private financial interests had conflicted with the company’s interests.

The investigation found no cases of criminal activity, nor that any employee had sought personal enrichment. Deloitte did not recommend further inquiries by the police.

Norsk Tipping’s board considers that the conditions open to criticism identified by Deloitte in its report must primarily be attributed to a lack of judgement on the part of individuals rather than to a negative culture in the company. Norsk Tipping has implemented a number of measures in recent years, and sees no need for further action as a result of the investigation.

The Auditor-General’s expanded audit for 2000-07 was the subject of an open hearing by the Storting’s standing committee on control and constitutional affairs, during which the company was criticised. The hearing primarily concerned the attention

paid to costs in Norsk Tipping, whether the owner control exercised by the ministry was good enough, and the scope of sponsorship agreements and marketing. Four previous and present ministers were questioned by the committee, which expressed satisfaction with the hearing.

After the internal investigation and consideration by the Storting, the board considers this affair to be closed. It has been a burden for the company, but has simultaneously led to tighter routines and stronger cost controls. The company has accordingly emerged strengthened from the affair.

#### **Good room for manoeuvre**

The board made a study trip to Brussels and Copenhagen in 2010 with a view to learning about conditions in the EU and operating parameters for games in Europe. The board’s impression is that the EU gives its members good opportunities to shape their own gaming policy when the basis for regulation is to prevent social problems arising from money games. Although a number of countries are liberalising parts of their gaming market, governments are seen to be introducing strict protective measures such as IP blocking, payment prohibitions and marketing bans. Taxes are also being levied on gross turnover, one effect of which is to limit the use of the share paid out in prizes as a competitive tool. In addition, many countries are working on tougher sanctions against breaches of the legislation. Spain is proposing fines from EUR 100 000 for minor offences to EUR 50 million for major crimes. The private gaming industry is accordingly dissatisfied with developments. After its study trip, the board’s main impression is that Norsk Tipping has good room for manoeuvre in protecting its exclusive rights and continuing to develop the company.

#### **Collaboration projects**

Possible collaboration projects have been discussed by the managements of Norsk Tipping and Norsk Rikstoto at a number of meetings over the past couple of years. The two companies jointly staged a one-day Gaming Conference 2010 on 30 September, with some 100 guests.

Another collaboration project with Norsk Rikstoto, the Reitan group and TV2 involves the creation of the Ringside gaming concept. This is a new environment and venue for people interested in sports and gaming. The contract to establish Ringside in premises in central Oslo was signed in the autumn of 2010.

#### **Renewed sports agreement**

The four-year collaboration between Norsk Tipping, The Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF) was renewed. The new agreement gives weight to increasing information about and promoting Norsk Tipping as a company and its games. The company regards NIF as a strategically important partner, and believes that the agreement will strengthen its opportunities to communicate its social role and values to important target audiences. Emphasis is given in the new agreement to an increased commercial return.

The agreement’s financial scope is NOK 14 million per year, unchanged from the previous contract. Norsk Tipping accordingly remains the main partner of and general sponsor for the NIF.

#### **Wider Viking Lotto collaboration**

The board of Viking Lotto resolved to incorporate Latvia and Lithuania in the game. This expansion helps to reinforce collaboration between the Nordic area and the Baltic states, and to secure shared oper-

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Norsk Tipping gives weight to maintaining a close dialogue with those affected by or who affect its business.

ating parameters for gaming companies in these countries. The two newcomers have participated in the Viking Lotto collaboration from 23 February 2011.

### **Strengthening diversity**

The pay settlement in 2010 was a main bargaining round, which means that talks covered both pay adjustments and the overall pay agreement. Talks with the Norwegian Union of Government Employees were fruitless, and a settlement required mediation.

The pay settlement had a clear equal pay profile. Across the whole workforce, women's annual pay is 86 per cent of the figure for men. This proportion is 97 per cent for team leaders, 98 per cent for middle management and 91 per cent for senior management.

Men are overrepresented in the top three job categories, particularly posts which involve management and specialist responsibility. Female representation rose from 33 in 2009 to 37.5 per cent in senior management, declined from 29 to 25 per cent among middle managers, and fell from 44 to 37.5 per cent for team leaders. Women as a proportion of all employees shrank from 40 to 39 per cent. Employees at 31 December 2010 totalled 367, including the chief executive. That represented an increase of six from the year before.

Norsk Tipping is an inclusive workplace (IA) company, and seeks an inclusive corporate culture characterised by diversity. The company's strategic plan for 2010-12 specifies the following goal: "A more balanced composition with regard to age, gender and cultural background". The diversity report, which has been published since 2009, outlines measures adopted to

strengthen diversity. All job advertisement specify the company's diversity goal. In its efforts to strengthen ethnic diversity, Norsk Tipping collaborates with the settlement and social inclusion office of Hamar local authority to obtain help in assessing relevant candidates. Qualified applicants with an immigrant background are called for interview. The company collaborates with the Global Future project, which works to mobilise the talents of highly educated people with a multicultural background. Norsk Tipping also participates in the inter-regional project on business as a driver for inclusion.

In order to strengthen the gender balance, women are specifically urged to apply for selected management and ICT posts. Active searches are also made for female candidates in-house.

The company works to meet the requirements of the Anti-Discrimination and Accessibility Act when developing games. Norsk Tipping's new office building satisfies requirements for universal access.

Norsk Tipping will give priority to work on enhancing diversity and increasing the proportion of female managers, and continue its efforts to strengthen equal opportunities.

No discrimination cases were recorded in 2010.

### **Sickness absence remained low**

Sickness absence at Norsk Tipping was once again significantly lower than the national average. At 4.4 per cent, it was unchanged from 2010.

One injury at work was registered in 2010, but did not lead to lost time.

### **Working environment survey – checkoff poll**

The regular annual working environment survey in the early part of the year was supplemented in 2010 by a brief checkoff poll in September. This revealed progress on all the 10 questions put on strengths and challenges concerning relations with managers, colleagues, the working environment and so forth. The survey showed that employees enjoy their work. It also indicated that the company can do better on knowledge-sharing and on giving employees the opportunity to make more use of their abilities.

### **Increased market share**

The *Norske pengespel 2009* (Norwegian Money Games) publication from the Norwegian Gaming Board appeared in December 2010. This showed that Norsk Tipping, including Extra, had a 56 per cent share of Norway's legal gaming products. The average Norwegian spent about NOK 4 600 on legal Norwegian games during the year, up by just over NOK 600 from the year before. After prizes, the average Norwegian had spent some NOK 1 700.

A report from the Gaming Board in February 2011 estimated that Norwegian gaming on foreign websites increased in 2010, despite the payment ban imposed on 1 June that year. According to the report, 160 000 Norwegians – up by 30 000 from the year before – spent about NOK 5 billion on foreign websites. That accords with Norsk Tipping's own calculations.

Norsk Tipping acquired the rights in December to the Norske Spill brand and the Yezz scratchcard. Norske Spill was previously owned by Reitan Servicehandel. With a gross turnover of NOK 40 million in 2010, Yezz was wound up at 31 December.

“ Many preparations were made in 2010 for renewing technology, game development and services. A great many results from this work will appear in 2011.

“ The board requested an impact assessment for a possible extension of the Freedom of Information Act to cover the company in 2011, and asked the management to practise the greatest possible openness.

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### Dialogue with stakeholders

Norsk Tipping gives weight to maintaining a close dialogue with those affected by or who affect its business. The company pursues a broad dialogue with players, politicians, those concerned with compulsive gaming and its scientific study, partners, employees and beneficiaries. Dialogue and relevant surveys give the company a good picture of the expectations stakeholders have of it. Norsk Tipping gains experience from the dialogue and uses this in its further development.

Among other moves in 2010, Norsk Tipping established the Social Panel and Quarterly Forum to strengthen its dialogue with stakeholders.

### Responsible gaming

The company's focus on renewal assumes that the concern with responsible gaming will be met. Implementation of the responsibility platform, promised in 2010 by last year's annual and social report, was delayed. The age limit of 18 for all games was introduced on 10 February 2011. Opportunities for players to set limits for their own playing and the introduction of an upper limit for stakes were implemented at the same date. Work on securing analysis tools which alert players if their gaming is verging on the compulsive will be pursued in 2011.

### Development, research, renewal

Many preparations were made in 2010 for renewing technology, game development and services. A great many results from this work will appear in 2011. The most visible outcome of the renewal drive is the new building, which was taken over by Norsk Tipping in February 2011. Construction of a new IT infrastructure which satisfies tomorrow's requirements will be facilitated by the tailored computer rooms

in the basement. Plans and strategies for renewing the IT structure were laid in 2010. These will provide increased flexibility, even better security and opportunities for new games and services. That includes the ability to deliver games around the clock, which cannot be done today. A new internal network, new servers, a new number game engine and later a new sports game engine are important elements in the new and modern IT infrastructure.

The company wrote to the Ministry of Culture in April with proposals to develop a new business area for web-based games. Norsk Tipping received a reply from the ministry in November which instructed it to start developing such products. Preparations began in 2010. Other examples of renewal initiated in 2010 include the development of Belago, Norsk Tipping's replacement for bingo machines, collaboration with 10 large humanitarian organisation on developing new games, renewals of the Flax, Joker, Oddsen and Lotto games, and renewal of the TV draws.

The development work and the launch of gaming apps for the iPhone, Android phones and Samsung's tablet made a strong contribution to continued growth in the mobile channel.

### Sale of subsidiaries

Norsk Tipping owns 50 per cent of the Buypass group and all the shares in TV production company Fabelaktiv. Buypass has developed the smart card used, among other applications, as Norsk Tipping's player card. Fabelaktiv produces TV draws. The board assessed the ownership of these subsidiaries in 2010, and a process for the sale of Fabelaktiv was initiated during the year.

### Positive to compliance with Freedom of Information Act

The board adopted a statement that a company such as Norsk Tipping should be subject to the provisions of the Norwegian Freedom of Act, but that weighty commercial considerations might pull in the opposite direction. The board requested that an impact assessment be carried out for a possible extension of the Act to cover the company in 2011, so that it can adopt a position on the issue when the company has put a well-functioning document management system in place. Such a system has been acquired and will be implemented throughout the organisation in the first half of 2011. While awaiting the impact assessment, the board asked the management to practise the greatest possible openness and more freedom of information where commercial and competitive considerations permit.

### Annual plan for quality audits

Norsk Tipping conducted a number of quality audits in 2010. The aim was to confirm to the management that a satisfactory internal control has been established which functions as intended, and to contribute to continuous improvement of the company's risk management. A number of recommendations for strengthening internal control have been made. Most of these relate to processes, ICT, change management, projects and procurement.

### Scenario process

The management team and the strategy staff launched a scenario process in 2010 which aims to identify Norsk Tipping's role and position in society in 2020. Four possible development scenarios will be presented, which can help to provide the company with the ability to respond strategically.

## New population studies on gaming habits

Synovate presented a population survey on Norwegian gaming habits in 2010, the fourth time such a study had been commissioned by Norsk Tipping since 2005. The 2010 survey showed a significant increase in the number of players entirely without problems related to money games (a rise of 1.8 percentage points or about 165 000 people). This is a positive development, which indicates that both the government's money game policy and Norsk Tipping's measures against compulsory gaming have had the desired effect. The proportion of the population with gaming problems rose from 1.9 to 2.1 per cent. This trend is within the margin of error for the corresponding survey in 2008.

## The environment

Work on preparing an environmental strategy was not completed in 2010. The new goal is to achieve this during 2011.

The single aspect of the company's operations which has the greatest impact on the natural environment is the production and distribution of paper to the retailers. As a result of efforts to optimise such distribution, the number of coupons and programmes sent out has been reduced by just under four million.

Electricity consumption rose by 1 073 MW as a result of operating a backup computer room and the expansion of the company's offices.

The volume of waste was reduced by 13.7 tonnes.

## Going concern assumption

The annual accounts have been prepared on the basis of the going concern principle. The board is not aware that any circumstances have arisen since the end of the fiscal year which are significant for this assumption or for the annual accounts, and confirms that the going concern assumption is realistic.

## Audit

The company's accounts are audited by the Office of the Auditor-General. The latter will publish a final auditor's report in October 2011, when the results of the audit are submitted to the Storting [parliament] pursuant to section 18 of the Auditor-General Act.

## Open reporting

Norsk Tipping's annual and social report is published every year at its annual general meeting. The company reports in accordance with the Global Reporting Initiative (GRI), which aims to establish a global norm for sustainability reporting. This means that the company reports in terms of a triple bottom line, where financial results, environmental performance and social responsibility are described. 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.

Norsk Tipping was not involved during 2010 in legal violations or breaches of voluntary guidelines concerning product labelling and health and safety aspects related to its own products and services. The report covers relevant financial, environmental and social effects of Norsk Tipping's operations. The company's annual and social reports are integrated. No significant changes in scope or measurement methods are applied in relation to the 2009 report. To help ensure objectivity and quality, the annual and social report has been reviewed by Det Norske Veritas (DNV) as an independent third party.

## Allocation of net profit

The company is not subject to the Limited Liability Companies Act and thereby to legal restrictions on its free equity. Pursuant to the guidelines for the funds controlled by Norsk Tipping, the investment fund item in the balance sheet corresponds to the company's free equity. The investment fund stood at NOK 260.2 million at 31 December 2010.

(Figures in NOK mill)

Profit ExtraFoundation for Health and Rehabilitation	235.4
Combating compulsive gaming	12.0
Beneficiaries	3 425.0
Transferred from investment fund	(138.1)
Transferred to undistributable equity reserve	150.0
<b>Total allocated</b>	<b>3 684.3</b>

The board of directors of Norsk Tipping AS  
Hamar, 9 March 2011

Lars Sponheim  
Chair of the board

Ingvild Ragna Myhre

Paal Fure

Siv Tørudbakken

Petter Torgerhagen

Siljia Seres

Eli Skjæret

Torbjørn Almlid  
Chief executive officer

## PROFIT AND LOSS ACCOUNT

	Note	2010	2009	2008
Amounts in NOK mill				
<b>OPERATING REVENUE</b>				
Games revenue	1	14 749.8	12 574.7	10 578.7
Other operating revenue	2	47.8	100.2	49.0
<b>TOTAL OPERATING REVENUE</b>		<b>14 797.6</b>	<b>12 674.9</b>	<b>10 627.6</b>
<b>Operating expenses</b>				
Prizes		9 161.4	7 322.1	5 614.8
Game commissions		786.4	754.3	712.9
Payroll costs	3	257.1	278.6	242.7
Depreciation and reversed write-downs	6	182.6	166.9	125.5
Other operating expenses	4	938.1	1 008.0	870.1
<b>TOTAL OPERATING EXPENSES BEFORE DISTRIBUTION TO GOOD CAUSES</b>		<b>11 325.5</b>	<b>9 529.9</b>	<b>7 565.9</b>
<b>DISTRIBUTION TO GOOD CAUSES</b>				
Grassroots Share		264.0	210.9	0.0
<b>OPERATING PROFIT BEFORE WIND-UP OF PRIZE FUNDS</b>		<b>3 208.1</b>	<b>2 934.0</b>	<b>3 061.7</b>
Wind-up of prize funds	15	392.0	0.0	0.0
<b>OPERATING PROFIT AFTER WIND-UP OF PRIZE FUNDS</b>		<b>3 600.2</b>	<b>2 934.0</b>	<b>3 061.7</b>
Financial income	5	89.4	102.4	235.0
Financial expenses	5	5.2	12.6	2.9
<b>NET PROFIT</b>		<b>3 684.3</b>	<b>3 023.8</b>	<b>3 293.8</b>
<b>Net profit is allocated as follows:</b>				
Profit ExtraFoundation for Health and Rehabilitation		235.4	231.9	240.4
Measures to combat compulsive gaming		12.0	12.0	12.0
Beneficiaries via distribution formula		3 425.0	3 425.0	3 425.0
Transferred from investment fund		(138.1)	(645.1)	(446.8)
Transferred to undistributable equity reserve		150.0	0.0	0.0
Effect of change in principle for intangible assets – transferred to investment fund		0.0	0.0	63.2
<b>Total allocated</b>		<b>3 684.3</b>	<b>3 023.8</b>	<b>3 293.8</b>

## BALANCE SHEET

	Note	2010	2009	2008
Amounts in NOK mill				
<b>ASSETS</b>				
<b>Fixed assets</b>				
<b>Intangible assets</b>				
Intangible assets	6	227.7	226.1	189.3
<b>Total intangible assets</b>		<b>227.7</b>	<b>226.1</b>	<b>189.3</b>
<b>Tangible fixed assets</b>				
Land, buildings and other real property	6	230.5	81.3	67.0
Vehicles/computer systems/terminals/other fixtures	6	313.1	379.7	247.1
<b>Total fixed assets</b>		<b>543.7</b>	<b>461.0</b>	<b>314.0</b>
<b>Financial fixed assets</b>				
Investment in subsidiaries	7	10.5	6.2	6.2
Investment in associate companies	7	23.0	19.0	23.3
Investment in other companies		0.0	0.2	0.2
Loans to associate companies	8	0.0	2.7	6.9
Other long-term receivables	9	31.2	26.0	24.6
<b>Total financial fixed assets</b>		<b>64.6</b>	<b>54.0</b>	<b>61.2</b>
<b>Total fixed assets</b>		<b>836.0</b>	<b>741.2</b>	<b>564.5</b>
<b>Current assets</b>				
Stock of goods for sale	10	10.2	13.2	24.6
<b>Receivables</b>				
Claims on retailers	11	129.6	143.1	7.7
Other receivables	12	26.6	42.9	35.9
<b>Total receivables</b>		<b>156.2</b>	<b>186.0</b>	<b>43.6</b>
<b>Bank deposits, cash in hand, etc</b>	19	<b>3 645.3</b>	<b>4 022.0</b>	<b>4 728.4</b>
<b>Total current assets</b>		<b>3 811.7</b>	<b>4 221.2</b>	<b>4 796.6</b>
<b>TOTAL ASSETS</b>		<b>4 647.7</b>	<b>4 962.4</b>	<b>5 361.1</b>

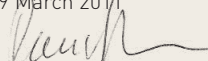
## BALANCE SHEET

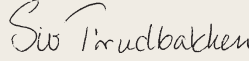
	Note	2010	2009	2008
Amounts in NOK mill				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Paid-in equity</b>				
Share capital	13	0.2	0.2	0.2
<b>Total paid-in equity</b>		<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Retained earnings</b>				
Undistributable equity reserve	14	150.0	0.0	0.0
Investment fund	14	260.2	398.3	1 043.5
<b>Total retained earnings</b>		<b>410.2</b>	<b>398.3</b>	<b>1 043.5</b>
<b>Total equity</b>		<b>410.3</b>	<b>398.5</b>	<b>1 043.6</b>
<b>Liabilities</b>				
<b>Provisions</b>				
Pension commitments	18. 19	84.0	91.5	61.1
<b>Total provisions</b>		<b>84.0</b>	<b>91.5</b>	<b>61.1</b>
<b>Other long-term liabilities</b>				
Funds – games	15	0.0	370.6	334.7
<b>Total other long-term liabilities</b>		<b>0.0</b>	<b>370.6</b>	<b>334.7</b>
<b>Total long-term liabilities</b>		<b>84.0</b>	<b>462.1</b>	<b>395.9</b>
<b>Current liabilities</b>				
Accounts payable	8	85.6	74.9	78.8
Prize liabilities		62.8	48.9	50.6
Prepaid wagers		161.6	165.1	153.7
Unpaid government charges and special taxes		27.0	31.8	27.2
Other current liabilities	16	371.9	329.3	160.9
Remaining profit for payment	17	3 444.4	3 451.9	3 450.5
<b>Total current liabilities</b>		<b>4 153.4</b>	<b>4 101.8</b>	<b>3 921.6</b>
<b>Total liabilities</b>		<b>4 237.4</b>	<b>4 563.9</b>	<b>4 317.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 647.7</b>	<b>4 962.4</b>	<b>5 361.1</b>

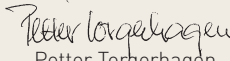
The board of directors of Norsk Tipping AS  
Hamar, 9 March 2011

  
Lars Sponheim  
Chair of the board

  
Ingvild Ragna Myhre


  
Paal Fure

  
Siv Tørudbakken

  
Petter Torgerhagen

  
Silja Seres

  
Eli Skjæret

  
Torbjørn Almlid  
President and CEO

## CASH FLOW STATEMENT\*

	Note	2010	2009	2008
All amounts in the statement are in NOK mill				
<b>Cash flow from operating activities</b>				
Net profit		3 684.3	3 023.8	3 293.8
Gain on sale of fixed assets		4.5	(0.1)	(0.9)
Depreciation of investments	6	182.6	166.9	125.5
Change in claims on retailers	11	13.5	(135.4)	139.8
Change in other current receivables, current assets and stock of goods for sale		19.3	4.4	[16.3]
Change in accounts payable		10.7	[3.9]	1.4
Change in pension commitments		[7.5]	30.4	13.1
Change in other long-term receivables		[10.6]	7.1	[5.4]
<b>Net cash flow from operating activities</b>		<b>3 896.9</b>	<b>3 093.1</b>	<b>3 551.0</b>
<b>Cash flow from investing activities</b>				
Receipts from sale of tangible fixed assets		0.8	0.1	9.6
Payments on purchase of tangible fixed assets	6	[272.2]	[350.7]	[192.2]
<b>Net cash flow from investing activities</b>		<b>[271.4]</b>	<b>[350.5]</b>	<b>[182.6]</b>
<b>Cash flow from financing activities</b>				
Net change in funds – games	15	[370.6]	35.9	36.6
Net change in current liabilities		48.2	182.7	11.8
Net change in investment fund/undistributable equity reserve		[16.4]	[645.2]	[852.0]
Payments and allocations		[3 663.5]	[3 022.3]	[2 396.4]
<b>Net cash flow from financing activities</b>		<b>[4 002.3]</b>	<b>[3 448.9]</b>	<b>[3 200.0]</b>
Net change in cash holdings		[376.9]	[706.3]	168.5
Cash reserves at 1 Jan		4 022.1	4 728.4	4 559.9
<b>Cash reserves at 31 Dec</b>		<b>3 645.3</b>	<b>4 022.1</b>	<b>4 728.4</b>

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



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

## ACCOUNTING PRINCIPLES

### General

The annual accounts have been compiled in accordance with the provisions of the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP), with such modifications as follow from Norsk Tipping's particular status pursuant to the Norwegian Gaming Act of 28 August 1992 no 103 (the Gaming Act).

Norsk Tipping AS is subject to the Gaming Act. This stipulates that a company wholly-owned by the state will act as the gaming enterprise. The Ministry of Culture determines the company's articles of association, appoints its board of directors, and issues instructions to 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 the satisfactory organisation and management of the company, which includes ensuring that such matters as registration and asset management are subject to satisfactory controls.

Profits made by Norsk Tipping in 2010 will be distributed in 2011 between sports, culture, and social and humanitarian purposes. In addition, the Ministry of Culture can allocate up to 0.5 per cent of the games profit to research on, information about, and prevention and treatment of compulsive gaming.

### Consolidation

Norsk Tipping's subsidiaries have no significance for assessing the company's position and results. Pursuant to section 3-8 of the Accounting Act, no consolidated accounts have therefore been prepared.

### Use of estimates

The management has made use of estimates and assumptions which have influ-

enced the profit and loss account and the valuation of assets and liabilities, as well as uncertain assets and liabilities, at 31 December when preparing the accounts in accordance with NGAAP.

### Foreign exchange

Transactions in foreign currencies are translated at the exchange rate prevailing on the transaction date. Monetary items in foreign currencies are translated to Norwegian kroner at the exchange rate prevailing on 31 December. Non-monetary items valued at their historical price expressed in foreign currency are translated to Norwegian kroner at the exchange rate prevailing on the transaction date. Non-monetary items valued at their fair value expressed in foreign currencies are translated at the exchange rate prevailing on the valuation date. Changes in foreign exchange rates are recorded on a continuous basis under other financial items in the profit and loss account during the accounting period.

### Operating revenue

The recording of games revenue (including the sale of player cards) and associated prizes and game commissions does not correspond fully with the calendar year. Games-related revenue and costs in 2010 embraced 52 weeks/rounds of play. 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.

Revenue from other sales is recorded when delivery has taken place and the most significant risks and return have been transferred.

### Tax

Norsk Tipping AS is exempt from taxation.

### Classification and assessment of balance sheet items

Current assets and liabilities embrace items which mature within one year of their

acquisition date as well as items related to the circulation of goods. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of their acquisition cost and fair value. Current liabilities are valued at their nominal value when the liability was incurred.

Fixed assets are valued at their acquisition cost less depreciation and write-downs. Long-term liabilities are capitalised at their nominal value when the liability was incurred.

### Research and development

The company observes the special valuation rule in section 5-6 of the Accounting Act for expensing basic research and development costs.

### Tangible fixed assets

Tangible fixed assets are capitalised and depreciated on a straight-line basis over the expected useful life of the asset. Direct maintenance of tangible fixed assets is expensed on a continuous basis under operating costs, while the cost of expenditure on or improvement of the asset is added to its acquisition price and depreciated in line with the asset. Should the fair value of an asset be lower than its book value, the asset will be written down to its fair value. Fair value is the higher of net sales gain and utility value. The utility value is the net present value of future cash flows which the asset is expected to generate.

Costs incurred in the 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 Norwegian Accounting Standard NRS (F), must be capitalised and amortised over their expected useful life in accordance with the matching principle.

### Subsidiaries/associate companies

Subsidiaries and associate companies are valued in accordance with the cost method in the company accounts. The investment is valued at the acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is undertaken when the decline in value reflects factors which are not expected to be temporary and when this must be regarded as necessary in accordance with NGAAP. Write-downs are reversed when the basis for the write-down is no longer present.

Dividend, group contribution and other payments from subsidiaries and associates are recorded as income in the same year they are approved by the subsidiary's annual general meeting.

### Stock of goods for sale

Stock is valued in the accounts at the lower of purchase cost and net sales price. Net sales price is the estimated sales price in ordinary operation after deduction of calculated necessary sales expenses. The acquisition cost is calculated on the basis of the FIFO method, and includes costs incurred in the acquisition of the goods and for bringing them to their present condition and location.

### Receivables

Claims on retailers and customers and other receivables are recorded in the balance sheet at their nominal value after deduction of provision for bad debts. Provision for bad debts is made on the basis of an individual assessment of each receivable. In addition, an unspecified provision for bad debts is made for other customer receivables.

### Current investments

Current investments (shares and interests assessed as current assets) are valued at the lower of acquisition cost and fair value at 31 December. Dividend received and other payments from the companies are recorded as other financial income.

### Pensions

Defined benefit plans are valued at the net present value of the future pension benefits which are considered for accounting purposes to have been earned at 31 December. Pension assets are valued at fair value.

Changes in defined benefit pension commitments attributable to changes in pension plans are allocated over the estimated average remaining earnings period.

The cumulative effect of variances in estimates and in financial and actuarial

assumptions (actuarial gains and losses) which are less than 10 per cent of the larger of pension commitments and pension assets at 1 January are not included.

When the cumulative effect exceeds the 10 per cent limit at 1 January, the excess amount is allocated over the estimated average remaining earnings period. The net pension cost for the period is classified as a payroll cost.

### Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid placements.

### VAT

Pursuant to section 5b, sub-section 1, item 6 of the Value Added Tax Act, Norsk Tipping's ordinary operations are not subject to VAT. Costs and investments include VAT.

### Change in presentation of operator's fee

The operator's fee was previously recorded gross under other operating revenue with the counter item under other operating costs when calculating the profit accruing to the ExtraFoundation for Health and Rehabilitation. This gross recording has been terminated with effect from 2010. Comparative figures have been restated.

## NOTE 1 GAMES REVENUE

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

Games	2010	2009	2008
Lotto	3 700 586	3 761 733	3 596 757
Viking Lotto	2 049 583	1 737 657	1 502 037
Joker	897 495	821 001	739 490
Tipping	707 024	732 234	725 235
Oddsén	1 564 562	1 549 594	1 690 224
Flax	1 021 245	977 847	917 467
Keno	352 465	380 136	429 262
Multix	3 530 056	1 664 016	11 489
Extra	926 774	950 452	966 723
<b>Total games revenue</b>	<b>14 749 791</b>	<b>12 574 670</b>	<b>10 578 684</b>

Games revenue spanned 52 playing weeks in 2010.

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).

NOK 117.8 million in total revenue for 1-2 January 2011 is included in the accounts for 2010, together with a total of NOK 72 million in associated costs (prizes and commissions).

## NOTE 2 OTHER OPERATING REVENUE

	2010	2009	2008
Player card sales	32 576	83 336	21 567
Transfers from funds, Extra game	0	0	8 000
Miscellaneous revenues	15 269	16 859	19 399
<b>Total</b>	<b>47 845</b>	<b>100 195</b>	<b>48 966</b>

As a result in the change in presentation of the operator's fee, comparative figures have been restated. The operator's fee amounted to NOK 88 million and NOK 91 million in 2009 and 2010 respectively.

## NOTE 3 PAYROLL COSTS

	2010	2009	2008
Pay and fees	209 845	192 437	175 027
Payroll tax	32 795	30 280	27 793
Pension costs	11 200	51 933	33 053
Other social costs	3 239	3 922	6 814
<b>Total</b>	<b>257 079</b>	<b>278 572</b>	<b>242 687</b>
Benefits in kind	7 804	10 395	10 531

### Remuneration of leading personnel in 2010

	CEO	Board
Pay and fees	2 183	994
Other allowances	18	
Pension costs	3 886	

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 chief executive has entered into an agreement on a pension based on his final salary up to 20 times the National Insurance base rate (G). The benefit varies from 56-70 per cent, depending on the age at which the pension is taken.

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.

A total of 10 existing and former employees in senior posts with salaries in excess of 12G have entered into agreements on retirement pensions which provide 66 per cent of pay from the age of 67 and other supplementary benefits. See the details on unfunded pensions in note 18.

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 average number of work-years in 2010 was 373, compared with 362 in 2009.

The company provides housing loans for employees on the same terms as the Norwegian Public Service Pension Fund. In addition, employees can apply for short-term loans corresponding to up to four month's pay. See notes 9 and 12. No loans have been made or guarantees given to the chief executive, the chair or other close associates.

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

#### NOTE 4 OTHER OPERATING EXPENSES

	2010	2009	2008
Operation of facilities and computer systems	135 815	129 829	96 715
Telecommunications	40 999	57 363	53 540
Advertising	148 665	173 682	160 426
Cooperation deals, promotion/information	155 989	144 906	131 771
Costs of Norwegian Gaming Board	37 572	40 636	38 649
Costs related to player cards	26 924	56 151	16 614
Consultancy support and fees	45 352	56 946	72 579
Consultancy support related to software development and maintenance	18 128	15 805	3 434
Distribution and freight costs	36 320	33 838	31 711
Printed materials and stationery	58 265	56 729	52 958
Telecommunications operator costs	128 587	132 946	103 311
TV production	18 677	20 897	24 440
Other costs	86 793	88 245	83 943
<b>Total</b>	<b>938 086</b>	<b>1 007 973</b>	<b>870 091</b>

The other costs item in 2010 includes NOK 6.2 million in costs related to an internal investigation based on findings from the Auditor-General's expanded audit of Norsk Tipping for 2000-2007.

As a result in the change in presentation of the operator's fee, comparative figures have been restated.

The operator's fee amounted to NOK 88 million and NOK 91 million in 2009 and 2010 respectively.

#### NOTE 5 FINANCIAL INCOME AND EXPENSES

	2010	2009	2008
Interest income	58 140	86 115	226 396
Other financial income	5 501	118	2 189
Financial income subsidiaries and associates	22 600	12 100	4 102
Gain on currency	3 120	4 026	2 378
<b>Total financial income</b>	<b>89 361</b>	<b>102 359</b>	<b>235 065</b>
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Interest expenses	254	158	253
Other financial expenses	444	5 781	321
Loss on currency	4 511	6 690	2 286
<b>Total financial expenses</b>	<b>5 209</b>	<b>12 629</b>	<b>2 860</b>

The company has accounts in NOK, EUR, SEK and USD. Amounts in the foreign currency accounts are confined to requirements related to day-to-day operations. The company has no forward foreign exchange contracts.

## NOTE 6 TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

### Tangible fixed assets

	Art	Vehicles	Computer systems/ machines/fixtures	Land/buildings/ other real property	Total
Acquisition cost at 1 Jan 2010	1 236	4 821	1 441 445	222 613	1 670 115
Disposals for the year	-	-	154 517	-	154 517
Acquisitions for the year	-	-	64 569	153 332	217 901
<b>Acquisition cost at 31 Dec 2010</b>	<b>1 236</b>	<b>4 821</b>	<b>1 351 497</b>	<b>375 945</b>	<b>1 733 499</b>
Accumulated ordinary depreciation and write-downs	-	4 762	1 039 664	145 396	1 189 822
<b>Book value at 31 Dec 2010</b>	<b>1 236</b>	<b>59</b>	<b>311 833</b>	<b>230 549</b>	<b>543 677</b>
Depreciation for the year	-	72	125 766	4 065	129 903
Depreciation plan (straight line)	None	5 years	3-6 years	20-25 years	

### Leasing costs for 2010

Vehicles (lease period 3-5 years) 2 424

In addition, the company has certain insignificant expensed leases relating to office machines and equipment.

### Intangible assets

	Proprietary IT infrastructure	Brands/ games	Distribution channels	Total
Acquisition cost at 1 Jan 2010	48 229	21 410	243 012	312 651
Disposals for the year	-	-	-	-
Acquisitions for the year	29 961	-	24 342	54 303
<b>Acquisition cost at 31 Dec 2010</b>	<b>78 190</b>	<b>21 410</b>	<b>267 354</b>	<b>366 954</b>
Accumulated ordinary depreciation and write-downs	35 516	9 538	94 181	139 235
<b>Book value at 31 Dec 2010</b>	<b>42 674</b>	<b>11 872</b>	<b>173 173</b>	<b>227 719</b>
Depreciation for the year	7 369	4 936	40 409	52 714
Depreciation plan (straight line)	5 years	3-7 years	5-7 years	

The largest development projects in 2010 involved work related to the new interactive video terminals (IVTs), developing a solution for bingo IVTs, and Gaming at the Checkout.

All intangible assets relate to development projects pursued within Norsk Tipping. These projects concern the development of new solutions or the adaptation of solutions purchased from external suppliers. Payroll costs for personnel directly involved in development work are not capitalised since the company does not have a reliable way of measuring them.

All capitalised projects are expected to yield positive cash flows over their lifetime compared with not having executed the projects. As a result, no write-down has been applied to the value of any of the projects.

## Depreciation

	2010	2009	2008
Intangible assets	52 714	32 480	20 100
Tangible fixed assets	129 903	134 431	105 348
<b>Total depreciation</b>	<b>182 617</b>	<b>166 911</b>	<b>125 448</b>

## 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
NTDS AS, being wound up	2009	Oslo	100%	100%	4 294	4 294
<b>Total subsidiaries</b>					<b>10 510</b>	<b>10 510</b>
<b>Associated companies</b>						
Buypass AS	2006/2009	Oslo	50%	50%	22 960	22 960
<b>Total associated companies</b>					<b>22 960</b>	<b>22 960</b>
<b>Total</b>					<b>33 470</b>	<b>33 470</b>

Pursuant to section 3, sub-section 8, paragraph two of the Norwegian Accounting Act, Fabelaktiv AS, Norsk Tipping Nettnavn AS, Norsk Tipping Domene AS and NTDS AS, being wound up, 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 0.2 million and an equity of NOK 7.1 million. Dividend of NOK 2.6 million for 2009 was recognised in the Norsk Tipping accounts for 2010.

The accounts for Norsk Tipping Nettnavn show a profit of NOK 4 000 and an equity of NOK 137 000.

The accounts for Norsk Tipping Domene show a profit of NOK 3 000 and an equity of NOK 107 000.

The accounts for NTDS, being wound up, show a loss of NOK 8 000 and an equity of NOK 2.7 million. Earlier write-downs have been reversed because the reasons for the write-downs no longer apply.

The accounts for the Buypass group show a profit of NOK 29.8 million and an equity of NOK 84.8 million. Dividend of NOK 20 million for 2009 was recognised in Norsk Tipping's accounts for 2010.

## NOTE 8 INTERCOMPANY BALANCES

	2010	2009	2008
<b>Loans to associate companies</b>			
Subordinated loans*	0	2 712	3 000
Long-term loans	0	0	3 896
<b>Total intercompany loans</b>	<b>0</b>	<b>2 712</b>	<b>6 896</b>
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Current debt to group companies	1 673	2 003	563
Current debt to associate companies	6 103	8 984	8 266
Current receivables from group companies	5	0	0

\* Subordinated loans in 2009 relate to a loan to NTDS AS. The loan has been redeemed with shares in Buypass.

### Transactions with close associates

	Sale of goods/ services	Purchase of goods/ services
Fabelaktiv AS (subsidiary)	915	16 753
Buypass AS (associate)	0	101 668
<b>Total</b>	<b>915</b>	<b>118 421</b>

Purchase of goods and services from Buypass relates to transactions and identification related to the player card.

Purchase of goods and services from Fabelaktiv relates to the production of TV draws and other TV production.

Sale of goods and services to Fabelaktiv relates to IT and accounting services.

## NOTE 9 OTHER LONG-TERM RECEIVABLES

	2010	2009	2008
Long-term loans to employees*	31 104	25 882	24 498
Other receivables	59	74	113
<b>Total</b>	<b>31 163</b>	<b>25 956</b>	<b>24 611</b>

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

## NOTE 10 STOCK OF GOODS FOR SALE

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

	2010	2009	2008
Player cards	8 924	11 433	22 280
Shop/canteen stocks	1 302	1 768	2 317
<b>Total</b>	<b>10 226</b>	<b>13 201</b>	<b>24 597</b>

## 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.

Norsk Tipping had 4 005 retailers at 31 December.

## NOTE 12 OTHER RECEIVABLES

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

	2010	2009	2008
Customer receivables	319	186	183
Prepaid costs	17 846	16 902	14 242
Personal loans/advances on pay*	7 140	6 020	7 152
Other current receivables	1 322	19 791	14 315
<b>Total</b>	<b>26 627</b>	<b>42 899</b>	<b>35 892</b>

\* Personal loans/advances on pay to employees have terms of up to four years. The interest benefit is subject to tax.

## 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 EQUITY

Pursuant to the Gaming Act and guidelines from the Ministry of Culture, 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.

The investment fund corresponds to other equity in other limited companies.

Equity	Share capital	Undistributable equity reserve	Investment fund	Total
Equity at 31 Dec 2009	150	0	398 297	398 447
<b>Change in equity for the year</b>				
Addition from net profit	0	0	3 684 306	3 684 306
Transferred to undistributable equity reserve	0	150 000	(150 000)	0
Net profit for distribution			(3 672 721)	(3 672 721)
<b>Equity at 31 Dec 2010</b>	<b>150</b>	<b>150 000</b>	<b>259 882</b>	<b>410 032</b>

In addition to the ordinary gaming profit for 2010, the Ministry of Culture has decided on a transfer from Norsk Tipping's investment fund which brings the total profit for allocation via the distribution formula to NOK 3 425 million. In addition, NOK 12 million has been allocated for measures to combat compulsive gaming. (Source: Proposition no 1 to the Storting for 2010-11.)

As a result of the changes made on 10 December 2010 to the guidelines for the funds in Norsk Tipping, NOK 150 million of the profit for the year has been allocated to an undistributable equity reserve. This will secure the company's ability to meet future investment requirements and on-going commitments.



## NOTE 15 FUNDS – GAMES

Each game except Keno and Multix has had its own fund up to 31 December 2010. The table below shows the balance for each game/fund.

Game	2010	2009	2008
Lotto	0	22 153	30 765
Viking Lotto	0	148 483	130 871
Joker	0	31 531	25 570
Tipping	0	2 976	955
Oddsen	0	2 519	3 721
Flax	0	161 669	139 259
Extra	0	1 266	3 590
<b>Total</b>	<b>0</b>	<b>370 597</b>	<b>334 731</b>

The Ministry of Culture issued new guidelines on 10 December 2010 for the funds in Norsk Tipping. As a result of the changed guidelines, the prize funds were wound up on 31 December 2010. From 1 January 2010 until they were wound up on 31 December, the funds increased by NOK 21.4 million. The total balance for the funds recorded as income in connection with the winding up was NOK 392 million.

Following the winding up of the funds, costs previously met from these will be expensed on a continuous basis.

## NOTE 16 OTHER SHORT-TERM LIABILITIES

	2010	2009	2008
Deposits from retailers	13 856	11 354	7 380
Bonus pots related to the games	10 039	18 184	10 033
Holiday pay due	21 859	19 926	17 761
Liabilities player accounts	198 604	160 031	118 281
Grassroots share payable	94 311	98 413	0
Unclaimed prizes, Flax	6 000	0	0
Accruals	27 265	21 387	7 413
<b>Total at 31 Dec</b>	<b>371 934</b>	<b>329 295</b>	<b>160 868</b>

## NOTE 17 REMAINING PROFIT FOR DISTRIBUTION

Profit from Norsk Tipping's games is allocated in accordance with a distribution formula approved by the Storting in 2009, with 45.5 per cent going to sports, 36.5 per cent to culture and 18 per cent to social and humanitarian purposes not related to the Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF).

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 the ExtraFoundation Health and Rehabilitation.

Net profit 2010	3 684 306
Transferred to investment fund	138 132
Transferred to undistributable equity reserve	(150 000)
Available for distribution	3 672 438
Paid on account to ExtraFoundation Health and Rehabilitation	(228 000)
<b>Remaining profit for distribution</b>	<b>3 444 438</b>

**Which is divided as follows**

Measures related to problem gaming	12 000
ExtraFoundation Health and Rehabilitation	7 438
Beneficiaries via the distribution formula	3 425 000
<b>Remaining profit for distribution</b>	<b>3 444 438</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.

## Funded pension plans

Pension costs	2010	2009	2008
Present value of pension earnings for the year	30 562	29 994	20 087
Interest costs of pension commitments	17 810	17 174	16 679
Return on pension assets	(13 541)	(10 374)	(12 026)
Employee contributions to pension scheme	(3 722)	(3 399)	(3 049)
Administrative costs	624	527	412
<b>Net pension costs before amortisation</b>	<b>31 733</b>	<b>33 922</b>	<b>22 103</b>
Recorded effect of estimate variances	6 514	6 581	4 097
Accrued payroll tax <sup>1</sup>	2 289	6 189	4 124
<b>Net pension costs for funded schemes</b>	<b>40 536</b>	<b>46 692</b>	<b>30 324</b>
Employed people included in the calculation	378	362	332

<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.

## Pension commitments

	31.12.10	31.12.09	31.12.08
Calculated pension commitments	440 547	421 204	385 191
Payroll tax	25 564	26 387	22 640
Pension assets (at market value)	(259 245)	(234 064)	(224 620)
Net accrued pension commitments	206 867	213 527	183 211
Unrecorded effect of estimate variances	(162 383)	(161 035)	(158 670)
<b>Net pension commitments</b>	<b>44 484</b>	<b>52 492</b>	<b>24 541</b>

## Financial assumptions

	2010	2009
Discount rate	4.00%	4.40%
Expected pay adjustments	4.00%	4.25%
Expected change in NI base amount	3.75%	4.00%
Expected return on assets	5.40%	5.60%

Financial assumptions are based on the Norwegian Accounting Standard (NRS(V)) on pension assumptions of January 2010.

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 operations
Provision 1 Jan	31 944	7 061
Provision/expense during the period	4 600	173
Paid in 2010	1 627	2 632
<b>Commitment 31 Dec</b>	<b>34 917</b>	<b>4 602</b>

The provision/expense for the period has been expensed in its entirety in the accounts for 2010.

#### Total pension commitments at 31 Dec 2010

Unfunded pension plans	34 917
Funded pension plans	44 484
Pensions financed from operations	4 602
<b>Total pension commitments</b>	<b>84 002</b>

#### NOTE 19 BANK DEPOSITS, CASH IN HAND, ETC.

The item on bank deposits, cash in hand, etc includes NOK 8.9 million in tax deductions.

A sufficient amount to cover the tax deductions has been deposited in a separate account.



Executive officer	Kristin Sletten, +47 62 55 12 85
Our date	Our reference
9 March 2011	1.6 2011/00109 KSL/MEH
	Filing code
	680
Your date	Your reference

Norsk Tipping AS  
Postboks 4414 Bedriftssenteret  
2325 Hamar

#### Audit of the accounts of Norsk Tipping AS for 2010

The Office of the Auditor General has audit responsibility for Norsk Tipping AS, 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



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## DET NORSKE VERITAS

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### **ASSURANCE STATEMENT**

Det Norske Veritas AS hereby states that  
Norsk Tipping's Annual and Social Report 2010

is consistent with relevant internal processes, routines and awareness  
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 has been agreed upon with Norsk Tipping. The verification includes the social reporting of Norsk Tipping for 2010, pages 1-42 and 62-80 in the Annual and Social Report 2010. 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 performed at Norsk Tipping's head office in February 2011. The work was 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
- Interviews with 15 employees with various responsibilities within Norsk Tipping
- Telephone interviews with external stakeholders
- Interview with one retailer
- Spot checks 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 is working in a systematic way with their core issues; responsible gaming and gaming security and gives a truthful description of this work.

Completeness: Acceptable. In our opinion, the report gives a sincere picture of Norsk Tipping's work with corporate responsibility, but it is missing a clear description of goals and indicators for responsible gaming (ref requirements in EL).

Responsiveness and inclusivity: Good. Norsk Tipping is demonstrating an open and active dialogue with important stakeholders, i.e. via the newly established Social Panel.

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

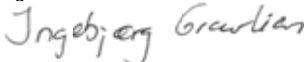

Neutrality: Good. In our opinion, Norsk Tipping gives a balanced presentation of its own activities related to those issues of concern to stakeholders. Challenges regarding sales and management of money games are presented in a balanced way.

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, but a clear statement about the relevance of sustainability to the organisation and its strategy is missing.

**Opportunities for improvement**

Norsk Tipping is demonstrating maturity with respect to its social responsibility, but an overall environmental strategy is still missing.

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

<p>Signed:</p>  <p>Ingebjørg Gravlien Principal Consultant, CR</p>	<p>Signed:</p>  <p>Jøran Laukolm Head of Section, MSC</p>
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Det Norske Veritas AS  
Høvik, 19. May 2010

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# CORPORATE GOVERNANCE

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Each section in the Norwegian code of practice for corporate governance is reviewed in detail below. Since Norsk Tipping is not a listed company, not all the sections of the code are relevant.

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

Guidelines for corporate governance of companies, etc. which come within the Ministry of Culture's ambit were established by the ministry on 5 July 2010. Combined with instructions for the board and the chief executive, this document clarifies the division of roles between owner, board and executive management.

Pursuant to the ministry's corporate governance guidelines, the ownership role will be exercised in accordance with the government's principles for good ownership. Chapter 2 of the guidelines contains common rules and requirements for the ministry's management, control and handling of wider considerations (social responsibility) for limited companies in which the ministry has shares. Chapter 3 details the specific considerations which must be taken into account in the ministry's management and control of the individual company or groups of companies on the basis of their sectoral policy goals. Where Norsk Tipping is concerned, these specific considerations appear in chapter 3.3

Norsk Tipping has ethical guidelines which 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 board reviews the company's ethical guidelines once a year.

The company has ethical guidelines for its suppliers. These can be found in full (in Norwegian only) at [www.norsk-tipping.no/selskapet](http://www.norsk-tipping.no/selskapet) and on the company's intranet.

In the process of preparing this annual report, Norsk Tipping has conducted an assessment of various issues which are important for society and sustainability. The company takes the view that giving as much as possible back in the best possible way accords both with its social assignment and with society's expectations. Work on responsible gaming has a high priority since the company's business as such otherwise has relatively little impact on society or the environment. Norsk Tipping anticipates that this is the primary concern of the community and the company's stakeholders.

Norsk Tipping has a strategy for discharging its social responsibility. The company will conduct its business in a way which meets the environmental, ethical, commercial, legal and social expectations the community has of it. This strategy is available on the company's intranet.

Development and operation of responsible games is the cornerstone of the company's business, on which its whole organisation is constructed. In that connection, the company has a policy which guides its work on responsible gaming at all levels in the organisation. The basis for this policy document derives from the seven principles outlined in Norsk Tipping's work on responsibility. Adopted by the board, the policy is available (in Norwegian only) at [www.norsk-tipping.no/selskapet](http://www.norsk-tipping.no/selskapet) and on the company's intranet.

## **Policies and guidelines**

The company has policies and guidelines which apply to its employees. These are available in full (in Norwegian only) 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:

- "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)

Norsk Tipping's goals are otherwise presented at the beginning of this annual report.

## **SECTION 3: Equity and dividends**

Pursuant to section 5 of the Gaming Act, the company has a share capital of NOK 150 000. It also has NOK 150 million in undistributable equity. 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.

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.

Minutes of the AGM are kept.

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.

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**

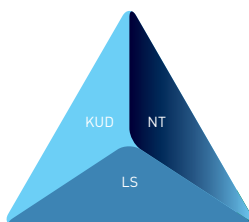
Norsk Tipping does not have a nomination committee.

**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. Two independent alternates and a personal alternate for each of the employee-elected directors are also appointed. "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. To highlight 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 Ministry of Culture's guidelines for corporate governance include requirements for the composition of the board and its expertise, capacity and diversity. The board should be broadly based, and its composition must satisfy the requirements for gender equality specified by the Equal Opportunities Act. It must also have commercial/business expertise, knowledge of public ownership and communication between public and private enterprise, social policy expertise, and general social competence. Directors should also be socially oriented and be informed about/understand the company's

**SHARED RESPONSIBILITY**



▶| **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 ExtraFoundation 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

social role. No special weight is given to environmental considerations when selecting directors.

Norsk Tipping's employees have opportunities to raise issues through the worker directors. The company's chief executive officer 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 take decisions on an independent basis in accordance with normal commercial principles. Instructions to the board are issued by royal decree. The chair and deputy chair are appointed by the Ministry of Culture. The chair is not a member of the executive management. 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.

The background and competence of the directors are presented in the directors' report (see page 36). Alternate directors are as follows:

#### ALTERNATES

Name and age: Dag Westby, 51

Alternate since: 2009

Other directorships: Director, Ottestad Rotary

Education: Law degree

Job: Vice president, internal control. Forsvarsbygg

Earlier important positions: Member, central committee, Norwegian Law Society

Name and age: Line Margrethe Rustad, 41

Alternate since: 2009

Education: Public affairs, administration and management, Hedmark University College  
Job: Manager cultural affairs, Elverum local authority

Earlier important positions and jobs: Public affairs advisor, Norsk Tipping, member of the Hedmark county council and Elverum local council since 1999.

Name and age: Helle Stine Næss, 47

Director/alternate since: 2007/2009

Other directorships: None

Education: Informatics, Østfold University College

Job: Acting head, procurement unit, Norsk Tipping

Earlier important positions and jobs: Director, Ikomm AS

Name and age: Knut Johannessen, 52

Director/alternate since: 2005/2007

Other directorships: None

Education: Gjøvik College of Engineering

Job: Operations manager, Norsk Tipping

Earlier important positions and jobs: None

#### SECTION 9:

##### The work of the board of directors

The ministry's instructions to the board and its guidelines on corporate governance include rules for its work and the procedure for considering matters. 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 by the board of its work, competence and mode of working, which forms the basis for possible changes and measures. This evaluation is conducted partly in relation to social and financial conditions, and its results are recorded in the minutes.

The board has established instructions for the chief executive officer, who 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.

The board follows up the company through the latest monthly business report from the management at each regular board meeting. This report 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. Minutes are taken, in which decisions are related to the consideration of the business report.

A values platform and management principles for the company were drawn up in 2010 and have been submitted to the board.

The board is informed about quality audits conducted in the company.

A social panel has been established to help Norsk Tipping understand how successful it is in discharging its social role. This panel meets four times a year, and is attended by the chair.

Sub-committees are not used by the board in its work. Norsk Tipping does not have audit, compensation or board sub-committees. A deputy chair has been elected to lead board meetings in cases where the chair is unable discharge this role.

#### SECTION 10:

##### Risk management and internal control

Managing risk is important for achieving the company's goals, forms an integrated part of its business activities and is followed up within each department.

The company has monthly business reporting, whereby 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 routines and procedures, and a high level of openness. A values platform and management principles, where the values reflect Norsk Tipping's social role, were drawn up in 2010.

The ministry's guidelines for corporate governance specify that the board has overall responsibility for preventing and exposing possible irregularities in the company. The company has now initiated a process to ensure a systematic review in order to assess whether its internal control is satisfactory for preventing and exposing financial irregularities. On the basis of an overall risk assessment, processes in the company have been selected for a risk-based evaluation during 2011 to establish the quality of internal control in preventing and exposing financial irregularities.

Norsk Tipping has a strategy for managing its social responsibility, which is followed up and reported in accordance with the Global Reporting Initiative (GRI) in the company's annual and social report. Det Norske Veritas audits the company's compliance with these requirements on an annual basis.

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, but this will be assessed in the course of 2011.

Internal quality audits based on external and internal resources have been conducted since 2009. These 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 contribute to continuous improvement of the company's risk management and internal

control. 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. This plan and the results of the audits are submitted to the board for its information. Quality audits are moreover conducted in accordance with the requirements in the ISO/IEC 27001:2005 security standard and the World Lottery Association's security control standard 2006 (WLA SCS 2006).

#### **Security certification**

Norsk Tipping is certified in accordance with the requirements in ISO/IEC 27001:2005, 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.

Det Norske Veritas conducts an annual audit of the company 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. Note 3 to the annual accounts presents the remuneration of Norsk Tipping's directors.

#### **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, retailers, compulsive players, the ministry, the regulator and the 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 Storting's decisions and conditions and with the applicable regulations. The content otherwise accords with the Auditor-General's standards and guidelines for audit work.

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THIS SECTION PROVIDES MORE DETAILED INFORMATION ON:

- ▶ KEY FIGURES FOR GAMES AND CHANNELS
- ▶ REPUTATION/CUSTOMER SATISFACTION
- ▶ VALUE CREATION/DISTRIBUTION OF PROFIT
- ▶ RESPONSIBILITY
- ▶ EMPLOYEES/EXPERTISE/ORGANISATION
- ▶ THE ENVIRONMENT
- ▶ THE GRI INDEX

STATISTICS  
2010

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# STATISTICS GRI INDEX

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# STATISTICS



## KEY FIGURES FOR GAMES AND CHANNELS

2010

Sub-category	Turnover	Prizes	No of active players	Prize ratio	Average turnover	No of prizes	Highest prize
Extra	926 774 310	456 652 735	810 937	49.3%	1 143	1 781 898	2 000 000
Joker	897 494 860	440 703 955	1 369 910	49.1%	655	3 801 188	5 493 000
Keno	352 464 660	196 487 935	189 634	55.7%	1 859	6 551 492	5 000 000
Lotto	3 700 586 376	1 849 097 070	1 754 688	50.0%	2 109	6 707 940	34 508 370
Oddsen	1 564 561 837	1 025 194 037	239 937	65.5%	6 521	1 834 976	210 492
Tipping	707 024 253	384 341 565	302 151	54.4%	2 340	3 295 683	5 254 395
Viking Lotto	2 049 583 308	1 060 189 667	1 429 413	51.7%	1 434	10 016 416	46 491 896
Flax	1 021 245 200	527 001 050	940 000	51.60%	1 086	9 926 638	1 000 000
Multix*	3 530 063 079	3 210 057 130	99 361	90.9%	35 528	236 186 012	1 500

2009

Sub-category	Turnover	Prizes	No of active players	Prize ratio	Average turnover	No of prizes	Highest prize
Extra	950 452 200	476 343 450	794 065	50.1%	1 197	1 728 129	2 000 000
Joker	821 001 020	404 533 855	1 274 460	49.3%	644	3 470 717	4 441 000
Keno	380 136 325	204 637 985	192 871	53.8%	1 971	6 958 246	2 000 000
Lotto	3 761 733 004	1 890 641 335	1 726 311	50.3%	2 179	6 892 062	16 651 650
Oddsen	1 549 593 849	1 053 185 517	217 533	68.0%	7 123	1 805 479	277 870
Tipping	732 234 049	392 050 545	314 403	53.5%	2 329	4 513 876	5 074 520
Viking Lotto	1 737 655 652	758 902 257	1 309 338	43.7%	1 327	8 576 074	37 118 436
Flax	977 847 300	493 530 400	906 000	50.50%	1 079	9 638 952	1 000 000
Multix*	1 664 014 932	1 508 135 270	84 498	90.6%	19 693	-	1 500

### Retailers by chain

Umbrella chain	No of retailers	Umbrella chain	No of retailers
NorgesGruppen	1 684	Other grocery stores	21
Reitangruppen	742	Best	12
COOP	677	Shell	19
ICA	424	YX Energi	13
Other convenience trade	202	Select Service Partner	11
Statoil	61	No umbrella chain	52
Esso	50	<b>Total</b>	<b>4 005</b>
BK-gruppen Gyda	37		

\* More than 90 per cent of Multix turnover is returned to players in the form of prizes. These are largely used to continue playing, so gross turnover is high.



## KEY FIGURES FOR GAMES AND CHANNELS

### Accrued turnover per channel

	2010		2009		Percentage change in turnover per channel
	Turnover	Active players	Turnover	Active players	
Retailers	9 392 035 668	1 793 973*	9 646 164 029	1 792 888*	(2.60%)
Internet	1 441 634 153	293 187	1 098 568 540	233 067	31.20%
Mobile phones	218 623 293	53 398	143 450 355	28 550	52.40%
Gaming at the Checkout	166 135 805	325 803	22 120 190	106 005	651.10%

\* Excluding Flax

### Key figures Multix

	2010			2009		
	Active players	Stake (gross turnover)	Cashbox (net)	Active players	Stake (gross turnover)	Cashbox (net)
MULTIX	99 361	3 530 063 079	320 005 950	84 498	1 664 014 932	155 879 662



## REPUTATION AND CUSTOMER SATISFACTION

### Media coverage

	Print/broadcast/ web media 2010	Print/broadcast/ web media 2009	Print/broadcast/ web media 2008
Number of stories	3 932	4 891	3 229
Positive	3 033	4 187	2 275
Negative	899	704	954
Percentage positive	77%	86%	70%
Average paq value*	0.70	0.81	0.48

\* 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.

### Customer satisfaction with the service centre

	Retailers 2010	Retailers 2009	Players 2010	Players 2009	Total 2010	Total 2009
Customer service experience	91	85	83	85	87	85
Phone service (% calls answered in 20 sec)	75.8%	72.9%	73.3%	68.8%	74.8%	71.1%
Average waiting time	20 sec	20 sec	24 sec	23 sec	22 sec	21 sec
Average length of call	1.50 min	1.57 min	2.46 min	2.50 min	2.16 min	2.19 min
E-mail service (% answered in two hours)					90.7%	96.4%
Average waiting time					58.21 min	31.25 min
Issues resolved on first call					91.25%	91.4%



## VALUE CREATION AND DISTRIBUTION OF PROFIT

### Games revenue 2010 – by county

County	Lotto	Viking Lotto	Joker	Keno	Tipping	Oddsen	Flax	Extra	Total
Østfold	212 710 352	107 749 440	47 622 500	11 978 915	36 404 533	64 503 984	56 913 000	48 885 270	586 767 994
Akershus	327 149 352	177 653 896	77 291 220	17 179 885	47 719 255	89 899 736	84 204 450	63 982 590	885 080 384
Oslo	284 899 396	193 239 064	66 832 500	22 193 095	68 259 709	182 156 641	96 755 450	47 357 700	961 693 555
Hedmark	181 467 884	87 529 308	37 884 100	14 552 215	22 231 750	36 244 068	53 147 500	49 562 850	482 619 675
Oppland	165 488 204	79 912 356	37 447 480	10 586 710	22 969 435	34 995 339	46 451 800	45 038 280	442 889 604
Buskerud	193 206 088	100 011 724	44 348 580	11 229 555	25 703 758	50 196 174	47 746 200	44 528 490	516 970 569
Vestfold	153 659 812	75 519 392	35 149 400	8 180 820	23 733 154	45 598 356	52 401 700	37 174 980	431 417 614
Telemark	124 923 500	60 960 280	27 721 280	7 163 945	21 215 306	48 465 496	33 421 800	35 737 590	359 609 197
Aust-agder	69 402 232	33 378 616	15 841 940	4 544 050	9 431 825	15 597 883	22 729 700	17 278 440	188 204 686
Vest-agder	95 571 176	48 104 712	22 510 000	7 158 890	16 900 062	36 411 368	30 059 750	20 804 580	277 520 538
Rogaland	232 735 104	119 887 676	56 271 280	13 012 755	40 900 439	98 434 650	80 803 450	51 554 520	693 599 874
Hordaland	329 580 604	177 843 664	80 438 300	26 388 590	59 612 583	117 255 476	102 794 150	80 327 820	974 241 187
Sogn og Fjordane	80 415 788	46 117 344	20 751 600	7 892 900	11 492 055	23 541 783	29 336 450	24 165 270	243 713 190
Møre og Romsdal	175 023 592	95 998 344	42 819 320	12 526 145	22 834 611	49 388 063	57 903 300	50 404 860	506 898 235
Sør-Trøndelag	198 872 740	104 766 220	46 141 900	14 735 395	23 850 320	65 393 243	57 652 550	55 861 770	567 274 138
Nord-Trøndelag	111 586 276	57 239 080	24 338 160	6 377 670	11 643 090	16 926 946	31 401 750	34 614 570	294 127 542
Nordland	186 481 516	99 333 056	50 973 760	17 113 385	23 649 910	40 872 889	66 412 950	64 315 440	549 152 906
Troms	122 033 080	71 638 196	34 081 180	13 075 185	16 936 075	26 431 397	42 576 850	39 954 390	366 726 353
Finnmark	72 746 704	48 372 904	20 827 460	8 545 940	11 603 845	12 782 764	27 798 950	23 220 660	225 899 227
Svalbard	1 710 012	1 119 232	584 000	118 305	209 335	207 406	733 450	388 050	5 069 790
Electronic games	380 922 964	263 208 804	107 618 900	117 910 310	189 723 203	509 258 175		91 616 190	1 660 258 546
<b>Total</b>	<b>3 700 586 376</b>	<b>2 049 583 308</b>	<b>897 494 860</b>	<b>352 464 660</b>	<b>707 024 253</b>	<b>1 564 561 837</b>	<b>1 021 245 200</b>	<b>926 774 310</b>	<b>11 219 734 804</b>
Per cent of total per game	33.0%	18.3%	8.0%	3.1%	6.3%	13.9%	9.1%	8.3%	100%
Per capita NOK	761.72	421.88	184.74	72.55	145.53	322.05	210.21	190.76	2309.44
Per capita EUR	94.61	52.40	22.95	9.01	18.08	40.00	26.11	23.69	286.85
Per capita USD	118.68	65.73	28.78	11.30	22.68	50.18	32.75	29.72	359.84
Population	4 858 199								
Exchange rate EUR	8.0510								
Exchange rate USD	6.4180								



## VALUE CREATION AND DISTRIBUTION OF PROFIT

### Games revenue Norsk Tipping 1948-2010

Nominal amounts in NOK million

Year	Total games revenue	Lotto	Viking Lotto	Joker	Keno	Tipping	Oddsen	Flax	Extra	Multix	Other games
1948	18.2	0.0	0.0	0.0	0.0	18.2	0.0	0.0	0.0	0.0	0.0
1949	37.4	0.0	0.0	0.0	0.0	37.4	0.0	0.0	0.0	0.0	0.0
1950-1959	802.4	0.0	0.0	0.0	0.0	802.4	0.0	0.0	0.0	0.0	0.0
1960-1969	1 589.0	0.0	0.0	0.0	0.0	1 589.0	0.0	0.0	0.0	0.0	0.0
1970-1979	5 496.4	0.0	0.0	0.0	0.0	5 496.4	0.0	0.0	0.0	0.0	0.0
1980-1989	20 804.0	4 928.6	0.0	0.0	0.0	15 563.9	0.0	0.0	0.0	0.0	311.4
1990	3 870.9	1 879.4	0.0	0.0	0.0	1 676.3	0.0	0.0	0.0	0.0	315.2
1991	4 254.1	2 482.1	0.0	0.0	0.0	1 484.5	0.0	0.0	0.0	0.0	287.5
1992	4 470.8	2 857.9	0.0	0.0	0.0	1 348.1	0.0	0.0	0.0	0.0	264.8
1993	4 659.6	2 755.6	382.5	0.0	0.0	1 253.7	0.0	0.0	0.0	0.0	267.8
1994	4 940.7	2 776.1	674.6	0.0	0.0	1 028.4	341.1	0.0	0.0	0.0	120.5
1995	5 871.8	2 996.6	805.9	0.0	0.0	935.8	530.2	603.3	0.0	0.0	0.0
1996	6 243.4	3 111.5	910.1	0.0	0.0	879.4	567.4	635.0	140.0	0.0	0.0
1997	6 715.0	3 116.7	836.5	0.0	0.0	916.8	598.2	620.9	600.4	0.0	25.5
1998	7 619.5	3 393.3	1 060.0	0.0	0.0	951.6	777.4	654.3	780.0	0.0	2.9
1999	8 042.3	3 469.8	1 116.2	0.0	0.0	944.9	989.0	786.1	736.3	0.0	0.0
2000	8 277.2	3 495.2	1 276.6	130.0	0.0	915.9	996.1	748.5	714.9	0.0	0.0
2001	8 606.6	3 517.2	1 309.5	273.1	0.0	938.8	1 137.6	684.3	746.1	0.0	0.0
2002	9 734.3	3 610.2	1 338.9	471.8	0.0	873.7	1 846.7	798.6	794.4	0.0	0.0
2003	9 743.3	3 537.1	1 369.8	679.4	0.0	825.6	1 613.5	895.5	822.4	0.0	0.0
2004	9 617.0	3 464.7	1 475.7	739.4	0.0	800.7	1 295.9	1 023.3	812.3	0.0	5.0
2005	9 203.2	3 310.6	1 446.9	757.5	0.0	727.0	1 307.9	882.7	770.6	0.0	0.0
2006	9 618.9	3 727.7	1 441.4	769.2	0.0	702.5	1 444.4	761.0	772.7	0.0	0.0
2007	10 388.4	3 871.5	1 560.0	803.5	86.5	740.5	1 585.3	866.9	874.2	0.0	0.0
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	0.0
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	0.0
2010	14 749.8	3 700.6	2 049.6	897.5	352.5	707.0	1 564.6	1 021.2	926.8	3 530.0	0.0
<b>Total</b>	<b>198 527.5</b>	<b>73 360.9</b>	<b>22 293.9</b>	<b>7 081.9</b>	<b>1 248.4</b>	<b>43 615.9</b>	<b>19 835.1</b>	<b>12 876.9</b>	<b>11 408.3</b>	<b>5 205.5</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 2010 value in NOK billion	296.00	92.07	25.90	7.73	1.29	110.70	22.73	14.92	13.03	5.25	2.39
Price adjusted to 2010 value in EUR billion	36.97	11.50	3.24	0.96	0.16	13.83	2.84	1.86	1.63	0.66	0.30
Price adjusted to 2010 value in USD billion	48.96	15.23	4.28	1.28	0.21	18.31	3.76	2.47	2.16	0.87	0.40

Conversion rates = Bank of Norway's annual average for 2010

EUR 1.00 = NOK 8.0068

USD 1.00 = NOK 6.0453





## VALUE CREATION AND DISTRIBUTION OF PROFIT

### Distribution of profits Norsk Tipping 1948-2010

Nominal amounts in NOK million

Year	Total profit	Sports	Research	Culture	ExtraFounda- tion Health and Rehabilitation	Treasury	Other beneficiaries <sup>1</sup>
1948	5.0	3.0	2.0	0.0	0.0	0.0	0.0
1949	10.0	4.0	6.0	0.0	0.0	0.0	0.0
1950-1959	266.5	73.3	193.2	0.0	0.0	0.0	0.0
1960-1969	543.6	158.3	385.3	0.0	0.0	0.0	0.0
1970-1979	1 847.1	842.2	1 004.9	0.0	0.0	0.0	0.0
1980-1989	7 886.7	3 431.5	2 629.2	1 223.4	0.0	602.6	0.0
1990	1 409.9	475.9	229.1	472.3	0.0	232.6	0.0
1991	1 590.8	427.4	205.8	641.6	0.0	316.0	0.0
1992	1 590.0	530.0	530.0	530.0	0.0	0.0	0.0
1993	1 650.0	550.0	550.0	550.0	0.0	0.0	0.0
1994	1 704.0	568.0	568.0	568.0	0.0	0.0	0.0
1995	1 988.6	594.0	594.0	594.0	0.0	206.6	0.0
1996	2 147.0	631.0	631.0	631.0	36.5	217.5	0.0
1997	2 270.9	622.6	622.6	622.6	181.7	221.4	0.0
1998	2 433.4	667.0	667.0	667.0	207.3	225.1	0.0
1999	2 627.9	812.0	812.0	812.0	191.9	0.0	0.0
2000	2 654.5	824.0	824.0	824.0	182.5	0.0	0.0
2001	2 757.7	858.3	858.3	858.3	182.8	0.0	0.0
2002	2 902.6	1 050.0	600.0	1 050.0	202.6	0.0	0.0
2003	2 903.0	1 200.0	300.0	1 200.0	203.0	0.0	0.0
2004	2 611.1	1 200.0	0.0	1 200.0	199.1	12.0	0.0
2005	2 606.7	1 200.0	0.0	1 200.0	194.7	12.0	0.0
2006	2 710.4	1 250.0	0.0	1 250.0	198.4	12.0	0.0
2007	2 880.6	1 250.0	0.0	1 250.0	218.6	12.0	150.0
2008	3 677.4	1 558.4	0.0	1 250.1	240.4	12.0	616.5
2009	3 668.9	1 558.4	0.0	1 250.1	231.9	12.0	616.5
2010	3 672.4	1 558.4	0.0	1 250.1	235.4	12.0	616.5
<b>Total</b>	<b>63 016.7</b>	<b>23 897.7</b>	<b>12 212.4</b>	<b>19 894.5</b>	<b>2 906.8</b>	<b>2 105.8</b>	<b>1 999.5</b>
Price adjusted to 2010 value in NOK billion	96.33	36.34	27.12	24.38	3.33	3.10	2.06
Price adjusted to 2010 value in EUR billion	12.03	4.54	3.39	3.04	0.42	0.39	0.26
Price adjusted to 2010 value in USD billion	15.93	6.01	4.49	4.03	0.55	0.51	0.34

Conversion rates = Bank of Norway's annual average for 2010

EUR 1.00 = NOK 8.0068

USD 1.00 = NOK 6.0453

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

For 2008-10: Organisations which received funds from slot machines in 2001, excluding sporting organisations.



## VALUE CREATION AND DISTRIBUTION OF PROFIT

### Value added statement 2010

All amounts in NOK mill

Games revenue			14 749.8	
- Prizes to players	9 161.4			
- Consumption of goods and services	790.6			
- Other costs	152.3			
+ Other revenue	47.8		10 056.4	
Gross value added			4 693.4	
- Depreciation	182.6			
+ Net financial items	84.2		(98.5)	
<b>Net value added</b>			<b>4 594.9</b>	

### 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			110.7	2.4%
<b>Employees:</b>				
Pay and pensions (excl tax deductions)			134.4	2.9%
<b>Retailers:</b>				
Commissions from games, player cards			793.5	17.3%
<b>Grassroots Share recipients</b>			264.0	5.7%
<b>Profit allocation/provided by the company</b>				
ExtraFoundation Health and Rehabilitation		235.4		
Transferred to undistributable equity reserve		150.0		
Transferred to investment fund		(138.1)		
Winding-up of prize funds		(392.0)		
Measures to counter problem gaming		12.0		
Other beneficiaries		616.5		
Culture		1 250.1		
Sports		1 558.4	3 292.3	71.7%
<b>Net value added</b>			<b>4 594.9</b>	<b>100.0%</b>



## VALUE CREATION AND DISTRIBUTION OF PROFIT

Grassroots Share	2010	2009
Donors	661 137	520 090
Grassroots funds generated (NOK)	264 153 381	210 943 854
Average donation per donor (NOK)	400	406

### Collaboration and sponsorship agreements

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

Norsk Tipping's sponsorship strategy aims to build alliances and, through a commercial platform, to highlight and strengthen a community of values with selected partners and their stakeholders. These collaboration projects are intended to help increase knowledge about the company and to reinforce its image in the community. That helps to strengthen customer loyalty and boost turnover.

Norsk Tipping's sponsorship strategy concentrates primarily on national collaboration agreements. Like all large companies, Norsk Tipping also has a shared responsibility to help provide those who live and work in its immediate vicinity with entertainment and activities. The aim of this support is to retain able personnel, as well as to strengthen and attract these to the region.

2010

National	
Football Association of Norway/Norwegian Elite Football	67 000
Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF) (project-oriented)	14 000
Norwegian Ice Hockey Association	4 000
Norwegian Handball Federation	3 100
Musical instrument scheme	2 500
Norwegian Council of Music and Art Schools (incl Dream Grant)	1 900
Norwegian Trekking Association (including Hamar and Hedmark)	1 600
Norwegian Band Federation	1 500
Other national sponsorship deals	1 360
<b>Total national sponsorship agreements</b>	<b>96 960</b>
Local sponsorship agreements (eastern Norway)	
HamKam Elite Football	750
Storhamar Dragons	450
Other local sponsorship deals	1 800
<b>Total local sponsorship agreements (eastern Norway)</b>	<b>3 000</b>
<b>TOTAL SPONSORSHIPS AGREEMENTS</b>	<b>99 960</b>

Norsk Tipping is a co-organiser of the Sports Gala together with the Norwegian Broadcasting Corporation and the Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF). The cost (budget) for 2010 was NOK 2 200 000.

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. The agreement expires in 2011.



## RESPONSIBILITY

### Norway's population (over the age of 15) by degree of problems with gaming

Year	No gaming problems	Low-risk players	Players at moderate risk	Compulsive players
2005	83.3%	11.4%	3.6%	1.7%
2007	85.5%	10.6%	2.6%	1.3%
2008	85.2%	10.9%	2.1%	1.9%
2010	87.0%	8.6%	2.3%	2.1%

### Helpline call statistics

Main or only problem game	2010	2009	2008
Poker	141	164	217
Bingo machines	31	80	40
Betting	134	66	66
Horse betting	58	61	39
Casino games (web)	75	56	40
Other money games	7	16	21
	11		
	(including Viking Lotto and Joker, excluding Keno)		
Lotto/Extra/Keno		13	6
Bingo	20	12	21
Slot machines	-	4	12
Football pools	4	5	7
Scratch cards	3	5	3
IVTs (Multix)	12	5	
Uncertain/would not say	5	4	2
Not the issue	3	14	16
Computer bingo	40		
Keno	4		
Non-money games	23	9	18



## EMPLOYEES/EXPERTISE/ORGANISATION

### Facts about employees in Norsk Tipping at 31 December 2010

- The proportion of women in the whole workforce declined by one percentage point compared with 2009, from 40 to 39 per cent.
- The proportion of women in senior management increased from 33 to 37.5 per cent.
- The proportion of women in middle management declined from 29 to 25 per cent.
- The proportion of women among team leaders declined from 44 to 37.5 per cent.
- Pay for female senior managers is 91 per cent of the level for their male counterparts, down two percentage points from 2009.
- Pay for female middle managers and senior specialists is 92 per cent of the level for their male counterparts, up one percentage point from 2009.
- Pay for female team leaders and ordinary specialists is 96 per cent of the level for their male counterparts, unchanged from 2009.
- Women in the category other employees earned 93 per cent of male pay, up one percentage point.
- External staff turnover was 1.63 per cent and the internal figure was 1.09 per cent. The corresponding figures for 2009 were 1.67 and 2.78 per cent.
- Norsk Tipping practices equal treatment of full-time, part-time and temporary employees.
- A total of eight employees sit on formalised health, safety and environmental committees, such as the working environment committee and the committee for the prevention of alcohol and drug problems in the workplace (Akan).
- The company provides compulsory safety training as well as courses on the use of defibrillators, a focus group on lifestyle as part of its healthy living programme and so forth.
- All employees have an annual development conversation with their immediate superior. Personal development goals are a subject of these talks.
- All new employees learn about the company's ethical guidelines, which provide "rules of the road" to help avoid personnel becoming involved in circumstance which could cast doubt on their independence and integrity.



## THE ENVIRONMENT

### Waste (in tonnes)

Category	2010	2009	2008	2007
Mixed food waste	37.18	46.82	56.97	69.50
Wood	10.62	12.02	6.08	6.50
Paper/cardboard	44.29	44.37	56.01	36.00
Plastic foil	0.83	1.19	1.02	1.00
Glass and metal	2.10	1.91	1.75	1.00
Food waste	6.03	7.29		
Electrical waste	1.34	2.50		
<b>Total</b>	<b>102.39</b>	<b>116.10</b>	<b>121.83</b>	<b>114.00</b>

The quantity of waste declined by 3.7 tonnes from 2009.

### Electricity consumption

#### Total consumption in MW

2006	5325
2007	4755
2008	4528
2009	4514
<b>2010</b>	<b>5587</b>

Electricity consumption increased in 2010. This reflected a backup computer room as well as power for temporary accommodation used in connection with the new building. Electricity was the only energy source used in 2010.

### Distribution

Odds programmes	16 070 600
Coupons	148 534 000
Game receipt rolls for the terminal	157 574

# 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 2010. Indi-

cators 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 2010 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 2010 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 2010. 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	Page
<b>PROFILE</b>	
<b>1 Strategy and analysis</b>	
1.1 Statement from the most senior decision-maker of the organisation (CEO)	Partly described on pages 4 and 34
1.2 Description of key impacts, risks and opportunities	1, 14-15, 18-19
<b>2 ORGANISATIONAL PROFILE</b>	
2.1 Name of the organisation	Norsk Tipping
2.2 Primary brands, products and/or services	6-7
2.3 Operational structure of the organisation	5
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	62-64
2.7 Markets served	6-7, 22-23
2.8 Scale of the reporting organisation	5, 42
2.9 Significant changes during the reporting period	No significant changes in 2010
2.10 Awards received in the reporting period	27, 31
<b>3 REPORT PARAMETERS</b>	
<b>Report profile</b>	
3.1 Reporting period for information provided	Financial year 2010
3.2 Date of most recent previous report	4 May 2010
3.3 Reporting cycle	Annually
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	62
3.6 Boundary of the report	42
3.7 State any specific limitations on the scope or boundary of the report	42
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	42

3.9	Data measurement techniques and the bases of calculations	Partly described on pages 31-33
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	No changes in 2010
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	No changes in 2010
3.12	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	42
<b>4</b>	<b>GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>	
	<b>Governance</b>	
4.1	Governance structure of the organisation	62-64
4.2	Indicate whether the chair of the highest governance body is also an executive officer	63
4.3	The number of members of the highest governance body who are independent and/or non-executive members	63
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	63
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives, and the organisation's performance	65
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	The board complies with NT's ethical principles: <a href="https://www.norsk-tipping.no/selskapet/samfunnsansvar/etikkk">https://www.norsk-tipping.no/selskapet/samfunnsansvar/etikkk</a>
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	63
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	<a href="https://www.norsk-tipping.no/selskapet/samfunnsansvar/etikkk">https://www.norsk-tipping.no/selskapet/samfunnsansvar/etikkk</a>
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of performance	64
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	64
	<b>Commitments to external initiatives</b>	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	18-19
4.12	Externally developed principles, or other initiatives which the organisation subscribes to or endorses	18, 65
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	18, 65
	<b>Stakeholder engagement</b>	
4.14	List of stakeholder groups engaged by the organisation	<a href="https://www.norsk-tipping.no/selskapet/samfunnsansvar/rapportering">https://www.norsk-tipping.no/selskapet/samfunnsansvar/rapportering</a>
4.15	Basis for identification and selection of stakeholders with whom to engage	41
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	19, 23, 26-27, 31, 39-41
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those	18-19, 23, 26-27, 31
	<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	72

EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	NA
EC3	Coverage of the organisation's defined benefit plan obligation	56-58
EC4	Significant financial assistance received from government	Norsk Tipping does not receive such assistance
<b>Market presence</b>		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	NA
EC6	Policy, practices, and proportion of spending on locally-based suppliers	The company is subject to the Act on Public Procurement. This specifies that all bidders must be treated equally, and that geographical considerations cannot be taken into account when choosing between bidders
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	NA
<b>Indirect economic impacts</b>		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement	15
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	14-15
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>		
<b>Materials</b>		
EN1	Materials used by weight or volume	32, 75
EN2	Percentage of materials used which are recycled input materials	32
EN3	Direct energy consumption by primary energy source	75
EN4	Indirect energy consumption by primary source	NA
EN5	Energy saved due to conservation and efficiency improvements	Norsk Tipping has not established target figures
<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	NA
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Partly described on page 32
<b>Water</b>		
EN8	Total water withdrawal by source	Norsk Tipping has not established target figures
EN9	Water sources significantly affected by withdrawal of water	NA
EN10	Percentage and total volume of water recycled and reused	NA
<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	NA
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	NA
EN13	Habitats protected or restored	NA
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	NA
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	NA
<b>Emissions, effluents, and waste</b>		
EN16	Total direct and indirect greenhouse gas emissions by weight	Norsk Tipping has not established target figures
EN17	Other relevant indirect greenhouse gas emissions by weight	NA
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	32
EN19	Emissions of ozone-depleting substances by weight	NA
EN20	NO, SO, and other significant air emissions by type and weight	NA
EN21	Total water discharge by quality and destination	NA



EN22	Total weight of waste by type and disposal method.	75
EN23	Total number and volume of significant spills	NA
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	NA
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	NA
<b>Products and services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Partly described on page 32
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	NA
<b>Compliance</b>		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None imposed in 2010
<b>Transport</b>		
EN29	Significant environmental impacts of transporting products and other goods and materials, and transporting members of the workforce	Partly described on page 32
<b>Overall</b>		
EN30	Total environmental protection expenditures and investments by type	Norsk Tipping has not established target figures
<b>SOCIAL PERFORMANCE INDICATORS</b>		
<b>Labour practices and decent work performance indicators</b>		
<i>Employment</i>		
LA1	Total workforce by employment type, employment contract and region	33
LA2	Total number and rate of employee turnover by age group, gender and region	Partly described on pages 74
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74
<i>Labour/management relations</i>		
LA4	Percentage of employees covered by collective bargaining agreements	33
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	NA
<i>Occupational health and safety</i>		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	74
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	33
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	74
LA9	Health and safety topics covered in formal agreements with trade unions	40
<i>Training and education</i>		
LA10	Average hours of training per year per employee by employee category	Norsk Tipping does not record the number of such hours
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	33
LA12	Percentage of employees receiving regular performance and career development reviews	74
<i>Diversity and equal opportunity</i>		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, etc.	33, 40
LA14	Ratio of basic salary of men to women by employee category	33
<b>Human rights performance indicators</b>		
<i>Investment and procurement practices</i>		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Not described
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Not described
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	Norsk Tipping has not established target figures
<i>Non-discrimination</i>		
HR4	Total number of incidents of discrimination and actions taken	33

<i>Freedom of association and collective bargaining</i>		
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	NA
<i>Child labour</i>		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	NA
<i>Forced and compulsory labour</i>		
HR7	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	NA
<i>Security practices</i>		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	NA
<i>Indigenous rights</i>		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	NA
<b>Society</b>		
<i>Local society</i>		
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	NA
<i>Corruption</i>		
S02	Percentage and total number of business units analysed for risks related to corruption	Partly described on pages 64-65
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	74
S04	Actions taken in response to incidents of corruption	No incidents in 2010
<i>Public policy</i>		
S05	Public policy positions and participation in public policy development and lobbying	38, 41
S06	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Norsk Tipping makes no such contributions
<i>Anti-competitive behaviour</i>		
S07	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices, and their outcomes	30-31
<i>Compliance</i>		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	42
<b>Product responsibility</b>		
<i>Customer health and safety</i>		
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	18
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	42
<i>Product and service labelling</i>		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	18
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	23
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	19, 23, 68
<i>Marketing communications</i>		
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	18
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	42
<i>Customer privacy</i>		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	19
<i>Compliance</i>		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	42



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