

CORPORATE GOVERNANCE REPORT

Good governance and control supports stable growth

Betsson has developed strongly in recent years. One contributing factor to this powerful, profitable development has been a good balance between ambition and the maintenance of detailed control. For our part, good corporate governance means preserving a dynamic, hungry company culture in which individuals are rewarded and appreciated for their efforts and where risks are managed on a sound commercial basis. A gaming company that provides players with fast, secure payment has a clear competitive advantage as this contributes to, and strengthens, confidence in the company. This is one good example of how quality internal control improves commercial preconditions for a gaming company.

At Betsson, good order in decision-making processes, clarity in areas of responsibility and accountability have always been vital to our success. In recent years, Betsson has intensified its efforts to scrutinise, update and coordinate reporting and control procedures on which to base decision making in group legal and operational areas. We have placed particular emphasis on identifying and evaluating the most significant risks in routines and worked hard on controls aimed at managing these risks. This is a continuous element of our daily work.

Improved governance and control in the gaming field facilitates good business and is a competitive tool in the capital market, as well as strengthening the industry's position in the eyes of the public.

John Wattin
Chairman

Company Governance Report 2009

Betsson applies the Swedish Code of Corporate Governance, a body of regulations based on the framework of internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Betsson hereby submits its Corporate Governance Report for 2009. This review has resulted in the statement that the company does not have any deviations to report.

Shareholders

Betsson has been a listed company since 1996, and listed on the Stockholm Stock Exchange since 2000. The company's B shares are listed on Nasdaq OMX Nordic List Mid Cap (BETS). At end of period, the company had 9 905 (5 790) shareholders. The largest shareholders (owners of more than 10 per cent of the votes) were Per Hamberg with 9.0 per cent of capital and 21.4 per cent of votes, the Knutsson family with 6.5 per cent of capital and 11.1 per cent of votes and Rolf Lundström with 3.9 per cent of capital and 10.5 per cent of votes.

AGM

The Annual General Meeting for 2009 was held on Monday, 12 May 2009. The meeting was attended by shareholders, in person or by proxy, representing 69.6 per cent of the votes and 48.0 per cent of capital. John Wattin was elected to Chairman at the meeting. Five (of six) Board members elected at the meeting were present.

Decisions made at the 2009 AGM

Minutes from this meeting can be found on the Betsson website.

Some of the decisions that the AGM took were as follows:

- To, in accordance with the Board proposal, distribute the equivalent of SEK 5.10 per share for 2008 through an automatic redemption procedure.
- The re-election of Board Members John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder-Aronson.
- The re-election of Chairman John Wattin.

AGM 2010

The Annual General Meeting of Betsson AB (publ) will be held on Thursday, May 6 2010 at 2 p.m. in the auditorium of the Delphi Law Office located at Regeringsgatan 30-32, Stockholm.

For further information on the 2010 Annual General Meeting please refer to the company website at www.betssonab.com.

Nomination committee

It was the decision of the 2009 Annual General Meeting to task the Chairman to convene the meetings dealing with the company's nomination activities and to ask representatives of the company's larger shareholders to join the Nomination Committee. The Nomination Committee should consist of at least three members, and the majority of the Nomination Committee members should not be employees or members of the Board. The Nomination Committee shall prepare proposed names of Board members, Chairman, Auditor and propose remuneration for Board members, Board committees and Auditors which will be submitted to the 2010 Annual General Meeting for decision. The Nomination Committee's composition was announced on 4 November in Betsson's Interim Report for the third quarter of 2009 and on the company's website.

The Nomination Committee for the 2010 Annual General Meeting consists of:

- Peter Wahlberg, Chairman of Atala Design group LTD, representing the Hamberg family with a total of 21.4 per cent of the vote.
- Ola Wiklund, a lawyer at Wistrand, representing Lars Kling, with a total of 9.3 per cent of the vote.
- Jan Bengtsson, CEO Rasta group AB, representing the Knutsson family, with a total of 11.1 per cent of the vote.
- John Wattin, Chairman of Betsson AB and convener of the committee.

The Nomination Committee represents ownership interest that, as per year end, amounted to 42 per cent of the votes in company. The Nomination Committee has held one physical meeting and maintained telephone contacts. An important input to the Nomination Committee's work is the yearly valuation of the Board's performance.

The Nomination Committee was seeking to identify individuals to nominate who, together with the existing members, are able to provide the Board with the appropriate cumulative competence.

Consequently the members must possess experience of leading positions in listed companies, expertise in finance and the gaming industry and experience from international service companies.

The Nomination Committee's complete proposals and background information that will be presented to the 2010 Annual General Meeting will be published on the company website, www.betssonab.com, well in advance of the Annual General Meeting.

Shareholders who wish to submit proposals to the Nomination Committee should e-mail valberedning@betssonab.com or write to company headquarters.

The Board of Directors

Board members are elected annually by the Annual General Meeting for the period until the next Annual General Meeting. There are no rules in place that state how long a member may serve on the Board. Betsson's Board consists of six members with no deputies elected by the company AGM. The CEO is not part of the Board. At the 2009 Annual General Meeting the following were re-elected as Board members: John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder-Aronson. John Wattin was also re-elected as Chairman. The Board is presented on pages 11-12.

Group CEO Pontus Lindwall participates as the report presenter at all Board meetings. Group CFO, Frederick Rüdén, participates both as report presenter and as secretary. Other officials from the group participate from time to time in Board meetings as required, either as presenters of specific issues or as secretary.

The Board's independence

According to the Stockholm Stock Exchange definition, the number of Board members elected at the AGM and who are independent of the company are six (100 percent) and the number of Board members elected at the AGM who are independent of the company's major shareholders are five (83 per cent), where everyone meets Nasdaq OMX's requirements as concerns professional experience. Member Per Hamberg holds 9.0 per cent of capital and 21.4 per cent of the votes and is thus not to be considered as independent of the company's major shareholders. With this composition the Betsson Board fulfils the regulations for listed companies and the Swedish Code of Corporate Governance, which requires that the majority of the elected members are independent of the company and company management, and that at least two of these also are independent of the company's major shareholders. All Board members and all members of the group management team have undergone, or will undergo, Nasdaq OMX's training input as concerns Stock Exchange regulations.

Board meetings

In 2009, the Board held twelve (thirteen) minuted meetings, of which one (one) was statutory and three (two) were telephone meetings and three (two) were correspondence meetings. The Board has shown a ten (five) percent absence rate during the year's Board meetings.

All the meetings dealt with the CEO's review of developments within operations and current issues concerning important events, major contracts, potential acquisitions and legal trends in the gaming market. The Board has paid particular attention to strategic, financial matters and issues concerning internal controls and larger investments.

Members' attendance is shown below, (figure in brackets refers to preceding year).

John Wattin, Chairman	92% (100%)
Per Hamberg, member	92% (100%)
Kicki Wallje-Lund, member	83% (92%)
Patrick Svensk, member	92% (85%)
Carl Lewenhaupt, member	83% (86%)
Lars Linder-Aronson, member	100% (100%)

Average attendance at Board and committee meetings was a little higher than 90 (95) per cent.

Information to the Board of Directors

The Board's work follows a plan that will ensure that it receives all the necessary information. Company auditors report their observations from the audit of financial statements and their assessment of company internal procedures and controls to the Board. The Board receives, on a monthly basis, a detailed operations report which describes developments. The Board also receives a daily report showing the gaming operation outcome from the previous day.

The Audit Committee

The Audit Committee consists of the entire Board and meets in conjunction with Board meetings with the primary task of ensuring that established principles for financial reporting and internal controls are complied with. During the year, considerable focus has been on further improvement of the quality of internal controls. The Audit Committee is responsible for monitoring and following up reporting of issues involved with corporate responsibility. The Audit Committee also fulfils the functions of a finance committee tasked to support and follow financial operations and to annually evaluate and propose amendments to treasury policy. The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures are dealt with by the Board on a continuous basis. Group auditors and group CFO present reports to the Audit Committee.

The Remuneration Committee

Like the Audit Committee, the Remuneration Committee consists of the entire Board and meets in conjunction with Board meetings. The Remuneration Committee bears the primary responsibility for dealing with remuneration and employment conditions for the CEO and the executives who report directly to him, based on the guidelines for remuneration and employment conditions for the CEO and other higher management positions adopted by the Annual General Meeting.

CEO and group management

The company CEO and President of Group is responsible for the daily management of both the parent company and the group. The CEO leads the work of the management team and makes decisions in consultation with the other senior executives. The management team consists of heads of business areas and staff positions. At the end of 2009 the management team consisted of six individuals; please refer to Senior Management on page 13.

Group management holds regular operational reviews under the leadership of the CEO.

The operations of the parent company (Betsson AB) consist of the management and administration of company investments and the evaluation of potential acquisition or divesting of operational branches. Group gaming operations are conducted in Malta, where the company has its own Board who make the operational decisions for Betsson's gaming operations using its own management team.

CEO instructions have been established for the CEOs of all wholly-owned subsidiaries, which are transparent with the group CEO's instructions.

Remuneration

Board fees are determined at the AGM. Remuneration of President of Group is determined by the Remuneration Committee. Remuneration for executives directly subordinate to CEO is determined by him after consultation with the Remuneration Committee. The group applies the principle that the manager's manager must approve any decisions on remuneration issues.

The following principles apply to senior executives in the group. These principles were adopted at the 2009 Annual General Meeting:

- Financial compensation levels are to be market-rate and competitive in order to be able to attract and retain competent senior executives. Remuneration to consist of fixed salary, when applicable variable remuneration (bonuses), pension plus other benefits such as, in some cases, a company car.

- Variable remuneration which may be paid to senior executives will be determined based on the fulfilment of certain financial targets (individual and group) established in advance concerning company earnings and financial development, plus the personal development of the individual concerned. Current such payments to senior executives are described in more detail in Note 7.

- The Board may take decisions that diverge from these guidelines if special circumstances prevail.

Audit

At the 2008 Annual General Meeting, PricewaterhouseCoopers AB, with authorised public accountant Michael Bengtsson as Chief Auditor, was elected for the period until the end of the 2012 Annual General Meeting.

Michael Bengtsson has been an authorised public accountant since 1988 and has additional assignments in, for example, Haldex, Morphic Technologies, ENEA Nordic Service Partners and Carnegie.

The audit of annual accounts is carried out January-February each year and the audit of the Annual Report takes place during March-April. Less detailed audits are carried out in connection with

the company's interim reports. In addition, an audit of internal procedures and control systems is undertaken continuously during the year, which is reported to Group CFO, management team and Board.

Betsson has, in addition to auditing tasks, employed PricewaterhouseCoopers AB for consultations in VAT and tax matters, accounting matters and for various studies.

Internal Audit

Betsson's profitable growth stems from a willingness and desire to constantly improve. The Internet-based gaming industry is constantly exposed to a rapidly changing environment such as shifts in legal systems, seasonality and currency fluctuations. In order to be able to manage these situations, it is of great importance to learn and adapt, at the same time as it is vital that customers feel safe and secure with Betsson gaming and payment solutions. This permeates all company and group customer offers. Betsson's internal audit of controls and other activities therefore constitutes an integral part of day-to-day operations.

As a complement to the internal audit, operations are also monitored by several independent parties. Betsson is licensed in Malta by the Lotteries and Gaming Authorities (LGA). In order to obtain and maintain licenses, company routines and processes must meet certain quality standards. LGA scrutinises operations in order to ensure that the company complies with all standards. Betsson is also certified according to Visa and MasterCard regulations, cooperates with several large banks and is PCI-compatible for secure transactions. Consequently all credit card information is safely managed and the company meets the highest security standard for payments, withdrawals and deposits. Betsson games, and those supplied by subcontractors, are certified and monitored continuously by a third party to ensure fair and correct gaming. In order to ensure that poker software generates random outcomes, it is monitored continuously by independent inspectors.

The Audit Committee bears ultimate responsibility for ensuring that established principles for internal control are complied with. Group CEO and CFO are responsible, on a continuous basis, for taking appropriate steps to maintain sound internal control. Each company function is responsible for executing the internal audit within the relevant operational area and under given conditions. Reporting is continuous from all levels.

Investor relations

Betsson information to shareholders is provided via the Annual Report, year-end report, quarterly report and press releases as well as the company website. On the www.betssonab.com website there are also reports and press releases covering the past few years.

For Betsson, communication and transparency are vital in order to maintain good relations with investors and analysts. The company attaches great weight to investor relations where the aim is to inform the capital market of Betsson's financial position, operations and development in order to increase knowledge levels and interest in the company so that a fair valuation may be obtained.

During the year Betsson has participated in several IR activities such as seminars, investor meetings and road shows in both Europe and the USA.