

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 providing 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 the 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 the reporting and control procedures on which to base decision making in the group's legal and business operations. We have placed particular emphasis on identifying and evaluating the most significant risks in routines and have worked hard on controls aimed at managing these risks. This is a continuous aspect of our daily work.

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

COMPANY GOVERNANCE REPORT 2010

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 2010. Based on this review, the company has concluded that it has not 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 Class B shares are listed on Nasdaq OMX Nordic List Mid Cap (BETS). At the end of period, the company had 11 484 (9 905) shareholders. The largest shareholders (owners of more than 10 per cent of the votes) were Per Hamberg with 8.9 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 2010 was held on June 3, 2010. The meeting was attended by shareholders, in person or by proxy, representing 42.2 per cent of the votes and 24.3 per cent of capital. John Wattin was elected to Chairman at the meeting. Four (of six) Board members elected at the meeting were present.

Decisions made at the 2010 AGM

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

Some of the decisions taken by the AGM include:

- To, in accordance with the Board proposal, distribute the equivalent of SEK 9.00 per share for 2009 through an automatic redemption procedure.
- To re-elect Board Members, John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder-Aronson.
- To re-elect John Wattin as Chairman.

EGM 2010

Extra General Meeting was held August 23, 2010.

Decisions made at the EGM

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

The General Meeting resolved to establish two incentive programmes: warrants for senior executives and other key individuals employed in Sweden and Stock Options for senior executives and other key individuals employed in other countries than Sweden.

AGM 2011

The Annual General Meeting of Betsson AB (publ) will be held on Thursday, May 12 2011 at 10 a.m. at the Company headquarters located at Regeringsgatan 28, Stockholm.

For further information regarding the 2011 Annual General Meeting, please refer to the company website at www.betssonab.com.

NOMINATION COMMITTEE

It was the decision of the 2010 Annual General Meeting to request that the Chairman convene the meetings dealing with the company's nomination activities and that the Chairman request 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 the proposed list of Board members, as well as a proposal for the Chairman, Auditor, and shall also propose remuneration for Board members, Board committees and Auditors, which proposals will be submitted to the 2011 Annual General Meeting for resolution. The Nomination Committee's composition was announced on 26 October in Betsson's Interim Report for the third quarter of 2010 and on the company's website.

The Nomination Committee for the 2011 Annual General Meeting comprised of:

- Per Hamberg, representing the Hamberg family and companies with a total of 21.4 per cent of the vote.
- Michael Knutsson, representing the Knutsson family and companies, with a total of 11,1 per cent of the vote.
- Christoffer Lundström, representing the Lundström family and companies, with a total of 10.5 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 43 per cent of the votes in company. The Nomination Committee has held one 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 seeks 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 2011 Annual General Meeting will be published on the company website, www.betssonab.com, well in advance of the Annual General Meeting.

Shareholders wishing 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 stipulating the maximum period of time a member may serve on the Board. Betsson's Board is comprised of six members with no deputies, and is elected by the AGM. The CEO is not part of the Board. At the 2010 Annual General Meeting the following individuals 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 presenter of the reports 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 is six (100 percent) and the number of Board members elected at the AGM who are independent of the company's major shareholders is five (83 per cent), and all members meet Nasdaq OMX's requirements concerning professional experience. Member Per Hamberg holds 8,9 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 be 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 on Stock Exchange regulations.

Board meetings

In 2010, the Board held sixteen (twelve) minuted meetings, of which one (one) was statutory and six (three) were telephone-/mail meetings and three (three) were correspondence meetings. The Board has shown a seven (ten) 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	100 % (92 %)
Per Hamberg, member	100 % (92 %)
Kicki Wallje-Lund, member	94 % (83 %)
Patrick Svensk, member	88 % (92 %)
Carl Lewenhaupt, member	81 % (83 %)
Lars Linder-Aronson, member	94 % (100 %)

Average attendance at Board and committee meetings was a little higher than 93 (90) percent.

Information to the Board of Directors

The Board's work follows a plan that will ensure that it receives all of the necessary information. Company auditors report their observations based on 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 describing developments. The Board also receives a daily report showing the gaming operation outcome from the previous day.

Internal control and risk management

The Board applies the decision-making rules and formal work plan, as well as the instructions pertaining to its own, the Compensation Committee's, the Audit Committee's and the Managing Director's work, with the aim of achieving an efficient handling of the operational risks, see section on significant risks and factors of uncertainty in the Administration Report. The Board updates, as required, and adopts yearly the Board's work plan, Managing Director instructions and decision-making rules and authorisation routines.

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. The Audit Committee is responsible for monitoring and following up the 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 the 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

Similar to 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 executive positions adopted by the Annual General Meeting.

CEO AND GROUP MANAGEMENT

The company CEO and President of the 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 2010 the management team consisted of seven (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 reflect the group CEO's instructions.

REMUNERATION

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

The following principles apply to senior executives in the group.

These principles were adopted at the 2010 Annual General Meeting:

- Financial compensation levels are to be market-based and competitive in order to be able to attract and retain competent senior executives. Remuneration is to be comprised of fixed salary, and where applicable, variable remuneration, pension and other benefits such as, in some cases, a company car will apply.

- Variable remuneration which may be provided senior executives will be determined on the basis of 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 diverging 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. A review is carried out of the company's interim reports. In addition, 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 issues, accounting matters and for various other 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's gaming and payment solutions. This permeates all company

and group customer offerings. Consequently, Betsson's internal audit of controls and other activities constitutes an integral part of day-to-day operations.

Operations are also monitored by several independent parties, as a complement to the internal audit. 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 such standards.

Betsson is also PCI-compatible for secure card transactions and cooperates with several large banks. As a result, all credit card information is safely managed and the company meets the highest security standard as regards payments, withdrawals and deposits.

All private information transferred to and from the Betsson-site is encrypted by Verisign SSL and is monitored 24 hours a day, 7 days a week. The random numbers generator behind Betsson's casino games, which guarantees equitable gaming, has been tested and approved by two, independent third parties, the National Laboratory of Forensic Science in Sweden and Technical Systems Testing in Canada. Betsson's casino supplier is also certified by eCOGRA.

In order to ensure that the poker program software always produces random numbers, independent controllers test the random number generator (RNG) on a monthly basis. These monthly reports are published on an ongoing basis for those who are interested. Players using "poker bot" programs to make decisions during the game are seen to be cheating. Betsson has secured the poker board against the use of these programs via Botguard; this is in order that the players can feel comfortable and secure in that the same technical premises apply to all of the poker players. In order to ensure that the poker software consistently produces pure chance numbers, the random numbers generator has been evaluated, in iTech Labs, which Entraction Solutions AB uses, and it has been determined that this generator meets the requirement of the RNG standard.

The Audit Committee bears ultimate responsibility for ensuring that established principles for internal control are complied with. The 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 on 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 can 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.