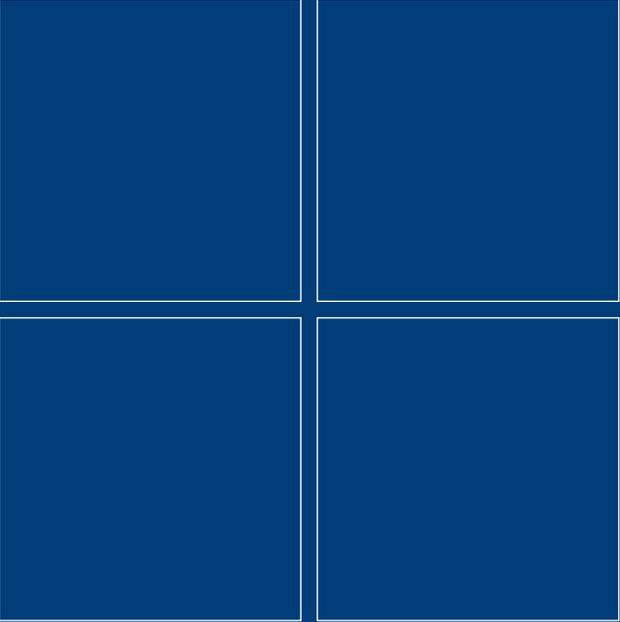


ANNUAL REPORT 2009



NORSK INSTITUTT FOR STYREMEDLEMMER / NORWEGIAN INSTITUTE OF DIRECTORS

styreinstitut



THE INSTITUTE'S MAIN TASK IS TO BE A
NETWORK AND A FORUM FOR THE EXCHANGE
OF EXPERIENCE, BY BEING, AMONG OTHER
THINGS, A FORUM FOR OPEN DIALOGUE

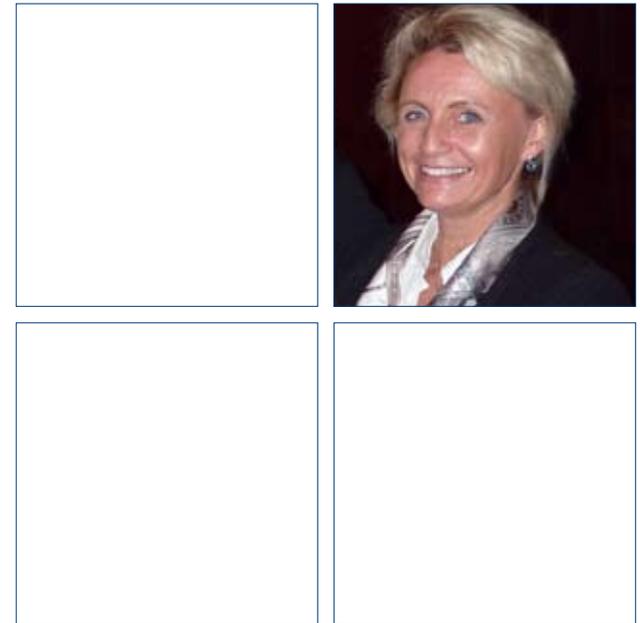
FOCUS ON BOARD WORK

Open dialogue, trust and integrity are words that are constantly mentioned when members of the Norwegian Institute of Directors meet to discuss board-related topics. In addition to the board members possessing expertise and an understanding of the business challenges for the company, they should also possess some important personal qualities where values and attitudes are crucial to the decisions that are taken.

Board work has become more extensive and the complexity of the issues is increasing. Changes in legislation, rules and a common perception of what is right is occurring at a very fast pace. Where legislation allowed a tax exemption just a few years ago, for example, such exemptions could now almost be considered a criminal offence. At the same time, the spotlight from a critical press is becoming ever sharper. Corporate governance has become a mantra, and transparency is expected in all areas. But how does this work in practice? How does one ensure good work processes within the board, and how does one ensure good teamwork between management, the board and owners while also safeguarding the interests of society? There are many questions, many dilemmas and many grey areas. There are often no definite answers, but through discussion and the exchange of experience one can develop best practice and an understanding of what is considered to be good judgement.

The establishment of the Norwegian Institute of Directors was, among other things, the result of the founders' desire to focus the debate around board work, and our aim is to be an arena for the exchange of experiences within board-related topics. Now that we have put the first business year behind us, we can say that we are well on the way. The interest and involvement in our work has been overwhelming from the very start. We have had great support for our conferences and theme lunches, where we, among other things, put the spotlight on the chairperson's role, good practice for feedback, the board's expertise at the expense of diversity, and good processes for nominating committees.

Our objective for the coming year is to further increase the level of activity, and there is no shortage of relevant topics to debate.



Turid Solvang
Turid E. Solvang
Man. dir.

DIRECTORS' REPORT 2009

The Norwegian Institute of Directors (Norsk Institutt for Styremedlemmer) was established on 24 March 2009, and is a membership association for directors in listed and state-owned companies.

Grace Skaugen is chairperson of the board and Svein Rennemo, Harald Norvik and Olaug Svarva are members of the board. Turid Solvang, a co-founder, is the managing director of the association. The association is located in Lilleakerveien 2E, building 8, in Oslo.

Grace Reksten Skaugen
Chairperson of the Board



Svein Rennemo
Board member



Harald Norvik
Board member



Olaug Svarva
Board member

OBJECTIVE

The aim of the Norwegian Institute of Directors is to promote value creation through excellent corporate governance. The Institute's main task is to be a network and a forum for the exchange of experience, by being, among other things, a forum for open dialogue. The Institute would like to contribute to the development of best practice board work, and to bring energy and creativity and new ways of thinking to practical board work.

The Board Institute has a dialogue with associations for board members in other countries, including the "Institute of Directors" in the UK and "The Finnish Association of Professional Board Members". We also wish to collaborate with national and international educational institutions and to particularly focus on board work so that expertise within Norwegian boardrooms can be developed through access to international board expertise and collaboration regarding best practice.

MEMBERS

The Board Institute is offering membership to board members and members of the nominating committee in listed companies as well as to state-owned companies. Corporate members will also be able to include membership for top management representatives. Board members in private companies will be able to become associate members.

The association presently has close to 200 personal members, of whom approximately 35% are women.

FOUNDING MEMBERS

The following companies have entered into agreements as Founding Members of the association: Statoil ASA, Telenor ASA, Norsk Hydro ASA, Statkraft SF, DnBNOR ASA, Orkla ASA, Veidekke ASA, Storebrand ASA, Entra Eiendom AS and Schibsted ASA. These have signed a three-year agreement that means, among other things, that board members, members of the nominating committee, and two company management representatives become personal members of the association.

KEY PARTNERS/SPONSORS

PriceWaterhouseCoopers (PwC) has entered into a three-year agreement as a Key partner. PwC chairs the Institute's "Internal Control and Risk Management Committee". In addition, the association has received financial support from the Norwegian Ministry of Trade and Industry, Innovation Norway (sjekk at det heter dette på engelsk??) and the Norwegian National Insurance Fund. The Oslo Stock Exchange supports us, by kindly lending their premises for special occasions and by distributing information about the Institute.

NUES (the Norwegian Corporate Governance Board) is an important stakeholder in Norwegian corporate governance and the Institute has initiated a positive dialogue with their administration and members.

COMMITTEES

The Institute's committees will be created on an ongoing basis and will be led by the responsible Key partners. Other professional committee members should be members of the association. The task of the professional committees is to set the agenda for relevant board-related issues within their fields and also to suggest speakers and topics for lunch meetings and conferences. The Internal Control and Risk Management Committee was set up on 3 December 2009 and is managed by Geir Haglund, PwC. Other members of the committee include John Giverholt, chairperson of the audit committee in Telenor ASA, Tore Olaf Rimmereid, chairperson of the audit committee in DnBNOR ASA, Svein S. Jacobsen, chairperson of the audit committee in Orkla ASA and Jørgen Porsmyr, CFO Veidekke ASA.

ACTIVITIES

Members are invited to theme meetings and networking conferences where the main objective is to have an open dialogue about relevant topics. The association was formally launched on the Oslo Stock Exchange on 16 October 2009 with Marcus Wallenberg as the main speaker. The then Industry Minister Sylvia Brustad and the Managing Director of the Oslo Stock Exchange, Bente Landsnes held greeting speeches.

We arranged a lunch meeting on the 25 November, the theme of which was "The Work of the Nominating Committee". Olaug Svarva and Lars A. Christensen opened the debate. Approximately 25 people took part, and the feedback was very positive. The topics that were debated are summarised in a separate memo that was sent to all the members.

WEB PAGES

A first version of the web pages was published when the Institute was launched. This will be further developed in 2010 so that the site will become an interesting communication channel for our members and other board members.

WORK ENVIRONMENT AND EXTERNAL ENVIRONMENT

The association has one employee in a 50% position. No sickness absence, injuries or accidents have been recorded.

The Institute's activities are not expected to pollute the external environment.

GENDER BALANCE

The Board has a female membership of 50%.

PROFITS AND ALLOCATIONS

Total operating income for 2009 was NOK 1,237,500 and operating expenses were NOK 1,181,782, which gives an operating result of NOK 55,718. The result for the year showed a profit of NOK 40,387 as shown in the income statement and balance sheet. The profit is being allocated to other equity.

OTHER ISSUES

The Board is not aware of other issues that are of significance for the association's income and position than those stated in the annual accounts.

FUTURE PROSPECTS

The Norwegian Institute of Directors has been very well received by members as well as by collaboration partners and sponsors. We seem to have met a need for an informal meeting place for board members of listed and state-owned companies that had not hitherto been met. Future work is aimed at establishing the institute as an arena for the exchange of experience and also to contributing to setting the agenda for debates for board-related issues.

An income of NOK 2,600,000 from membership income (corporate and personal) as well as from collaboration partners and sponsors has been budgeted for in 2010. The goal is to attract ten new corporate members and two new collaboration partners by the end of 2010.

The main focus of the work of the Institute Board will be to develop relevant and useful content for the members. This includes:

- Establishing "Capital Markets Committee".
- Establishing "Recruiting and Compensation Committee".
- Further development of web pages, including personal member pages.
- Holding two conferences and four themed lunches.
- Developing collaboration with national and international associations and educational institutions with a focus on board work.

A strengthening of the administration with one position has been budgeted for in 2010.

Oslo, 18 March 2010

The Board of the Norwegian Institute of Directors

Grace Reksten Skaugen
Chairperson of the Board

Olaug Svarva
Board member

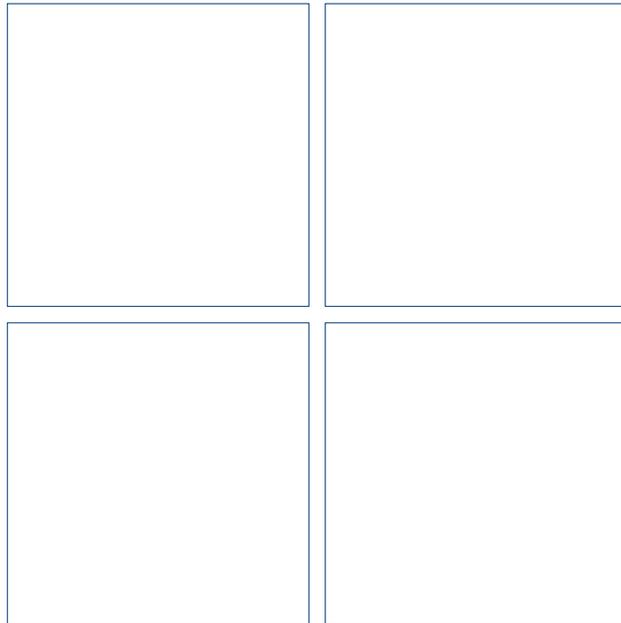
Svein Rennemo
Board member

Harald Norvik
Board member

Turid E. Solvang
Man. dir.

INCOME STATEMENT FOR 2009

NOK	NOTE	2009
OPERATING INCOME AND OPERATING EXPENSES		
Income	6	1 237 500
Total operating income		1 237 500
Payroll expenses etc.	3	603 437
Other operating expenses	3	578 345
Total operating expenses		1 181 782
Operating result		55 718
FINANCIAL INCOME AND FINANCIAL EXPENSES		
Interest income		2 118
Result from financial items		2 118
Ordinary result before tax		57 836
Tax on ordinary result	4	17 449
Ordinary result		40 387
Annual results		40 387
Transfers		
Allocated to other equity		40 387
Total transferred	5	40 387



BALANCE AS OF 31.12.2009

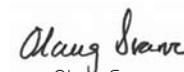
NOK	NOTE	2009
ASSETS		
Current assets		
Receivables		
Trade debtors		425 000
Other receivables		628
Total receivables		425 628
Bank deposits, cash etc.	2	841 660
Total current assets		1 267 288
Total assets		1 267 288
EQUITY AND LIABILITIES		
Paid-up capital		
Retained earnings		
Other reserves		40 387
Total retained earnings	5	40 387
Total equity		40 387
Liabilities		
Short-term liabilities		
Trade creditors		81 539
Tax payable	4	17 449
Government taxes, tax deductions etc.		256 890
Prepayments from customers	6	812 500
Other short-term liabilities		58 523
Total short-term liabilities		1 226 900
Total liabilities		1 226 900
Total liabilities and equity		1 267 288

Oslo, 18 March 2010

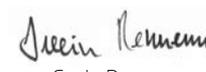
The Board of the Norwegian Institute of Directors



Grace Reksten Skaugen
Chairperson of the Board



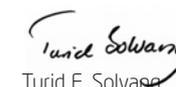
Olaug Svarva
Board member



Svein Rennemo
Board member



Harald Norvik
Board member



Turid E. Solvang
Man. dir.

NOTES FOR THE ANNUAL ACCOUNTS FOR 2009

NOTE 1 ACCOUNTING PRINCIPLES AND THE EFFECT OF PRINCIPLE CHANGES

The annual accounts have been prepared in accordance with the the Norwegian Accounting Act and good accounting practice for small businesses. The following accounting principles were applied; the FIFO method for the allocation of the acquisition cost for interchangeable financial assets, the lowest value principle for market-based financial current assets, lease agreements are not entered in the balance sheet and the cost method is used for investments in responsible companies.

a) Operating income

Revenue recognition on the sale of goods/services occurs at the time of delivery. Services are recognised as they are delivered.

b) Current assets /Short-term liabilities

Current assets and short-term liabilities normally include items due for payment within one year after the balance sheet date, as well as items related to goods circulation. Current assets are valued at the lowest acquisition cost and the estimated fair value.

c) Fixed assets/Long term liabilities

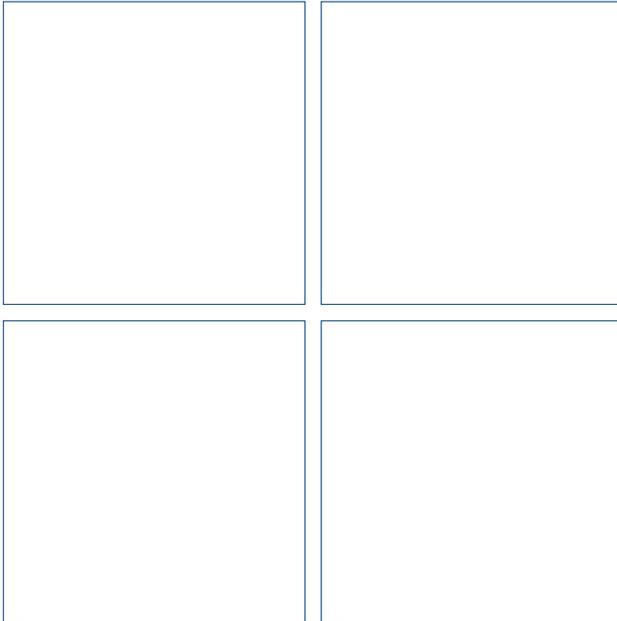
Fixed assets include assets intended for permanent ownership and use. Fixed assets are valued at the acquisition cost. Tangible fixed assets are entered in the balance sheet and are written off over the economic life of the asset. Tangible fixed assets are written down to the fair value in the case of the drop in value that is not expected to be temporary. The write-down is reversed when the basis for the write-down is no longer present.

d) Receivables

Trade debtors and other receivables are entered at face value less provision for bad debts. Provision for bad debts is made based on an individual assessment of the individual receivables. In addition, an unspecified provision for bad debts is made to cover expected losses.

e) Tax

Tax in the income statement includes both tax payable for the period and changes to deferred tax. Deferred tax is calculated at 28% on the basis of the temporary differences that exist between accounting and tax values, as well as tax assessment for losses that are carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or that can reverse in the same period are settled and recorded.



NOTE 2 LOCKED-IN BANK DEPOSITS ETC.

Locked-in bank deposits of NOK 31,332 is included in the entry. Unpaid taxes comes to NOK 31,498 that are due for payment.

NOTE 3 EMPLOYEES, PAYMENTS, STAFF LOANS ETC.

NOK	2009
Payroll expenses are made up of the following entries:	
Salaries	528 595
National Insurance contributions	74 842
Other payroll expenses	0
Total payroll expenses	603 437

Average number of employees	1	
Payments:	Managing Director	The Board
Salaries	471 000	0
Other payments	2 223	0
Paid to Managing Director's sole proprietorship	187 500	

The company is not obliged to have an occupational pension scheme for 2009 under the Norwegian Act relating to compulsory occupational pension.

NOK	2009
Auditor excluding VAT	
Audit fee	21 200
Assistance	3 650
Total audit fee charged as an expense	24 850

NOTE 4 TAX

NOK	2009	2008
Tax for the year is made up of:		
Payable tax	17 449	0
Change in deferred tax	0	0
Net tax/cost reduction	17 449	0

Deferred tax:	31.12.09	01.01.09	Change
Net basis	0	0	0
Deferred tax, 28%	0	0	0

The company has not posted deferred tax advantages carried forward as losses in the balance sheet.

NOTE 5 EQUITY

NOK	Other reserves	Total
As of 01/01	0	0
The result for the year	40 387	40 387
As of 31/12	40 387	40 387

NOTE 6 INCOME

NOK	2009
Founding members/collaboration partners	1 300 000
Accrual membership fee	-812 500
State aid	750 000
Total income	1 237 500

Prepayments from customers	812 500
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Tlf: 23 11 91 00
Faks: 23 11 91 01
www.bdo.no

BDO
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

To the Annual Shareholders Meeting of Norsk Institutt for Styremedlemmer

AUDITOR'S REPORT FOR 2009

We have audited the annual financial statements of the Norsk Institutt for Styremedlemmer as of 31 December 2009, showing a profit of NOK 40 387. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the Organisation's financial statements. The financial statements are the responsibility of the Organisation's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den Norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Organisation's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the Organisation's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the organization as of December 31, 2009 and the results of its operations for the year then ended, in accordance with good accounting practice in Norway
- the Organisation's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 18. Mars 2010
BDO AS - orgnr. 994 855 573

Marianne Hamre
State authorized public accountant

Note: This translation from Norwegian has been prepared for information purposes only"

AUDITOR'S REPORT



The idea of a Norwegian Institute of Directors is definitely good, and my immediate response to whether we need it, is YES!



Sitatene over er respons fra noen styremedlemmer i børsnoterte selskaper, på ideen om et norsk styreinstitutt.

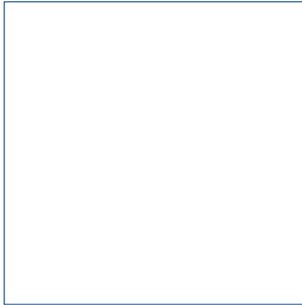
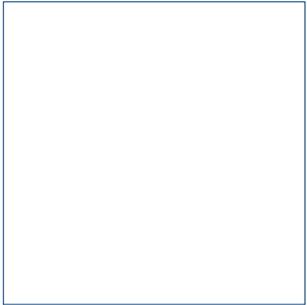
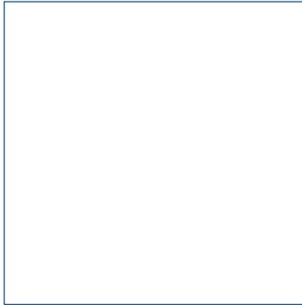
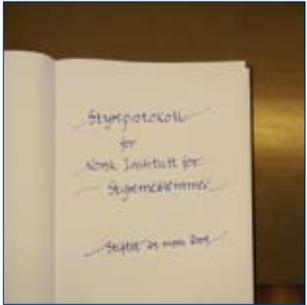
"..... this has the potential to become an arena for discussions and sharing of best practice, completely different from distinct seminars and conferences within the field."



"Cooperation with international organizations is of great importance in order to provide the members information and views from a broader perspective."



The quotes above are responses from boardmembers of listed companies, to the idea of a norwegian board institute.



"NOW THIS IS NOT THE END. IT IS
NOT EVEN THE BEGINNING OF THE END. BUT IT IS,
PERHAPS, THE END OF THE BEGINNING"

SIR WINSTON CHURCHILL

styre**institutt**