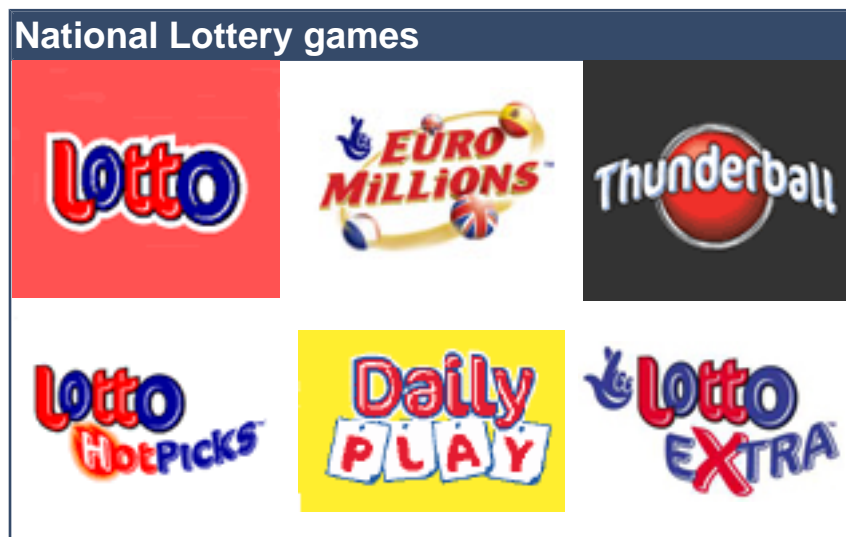


Camelot in brief

Camelot is the operator of the UK National Lottery and operates exclusively in the UK and the Isle of Man. We have operated the lottery since 1994 and our current licence runs until January 2009.

We are responsible for developing and marketing a range of National Lottery games including draw-based games - Lotto, Lotto Extra, Lotto HotPicks, EuroMillions, Daily Play and Thunderball - and online Instant Win Games and National Lottery Scratchcards.



We have developed and continue to manage the lottery infrastructure - the terminals and the technology behind them. We also provide services for players and winners, and work in partnership with the retailers who sell lottery products.



Our strategy is to optimise the range of games on offer and to develop new ways to play - including at supermarket checkouts, using mobile phones, the internet and interactive digital TV.

Camelot operates one of the most effective and efficient lotteries in the world.

Sales for the financial year to March 2005 were £4,766 million - up 3.3% from the previous year.

During 2004/05, we had an average of 913 (full-time equivalent) **employees**. The majority of staff work at our head office in Watford, Hertfordshire. We also have a sales contact centre in Liverpool, a warehouse in Northampton, a corporate affairs department in London and four regional centres in Belfast, Cardiff, Glasgow and Liverpool. Our sales force live and work across the UK.

Camelot is owned equally by five **shareholders**: Cadbury Schweppes, De La Rue, Fujitsu Services, Royal Mail and Thales Electronics. These five companies each have a director on our Board, which also has three independent non-executive directors, a non-executive Chairman and four executive directors.

For more information, please see the [Governance](#) section and our [Annual Report and Financial Statements](#)

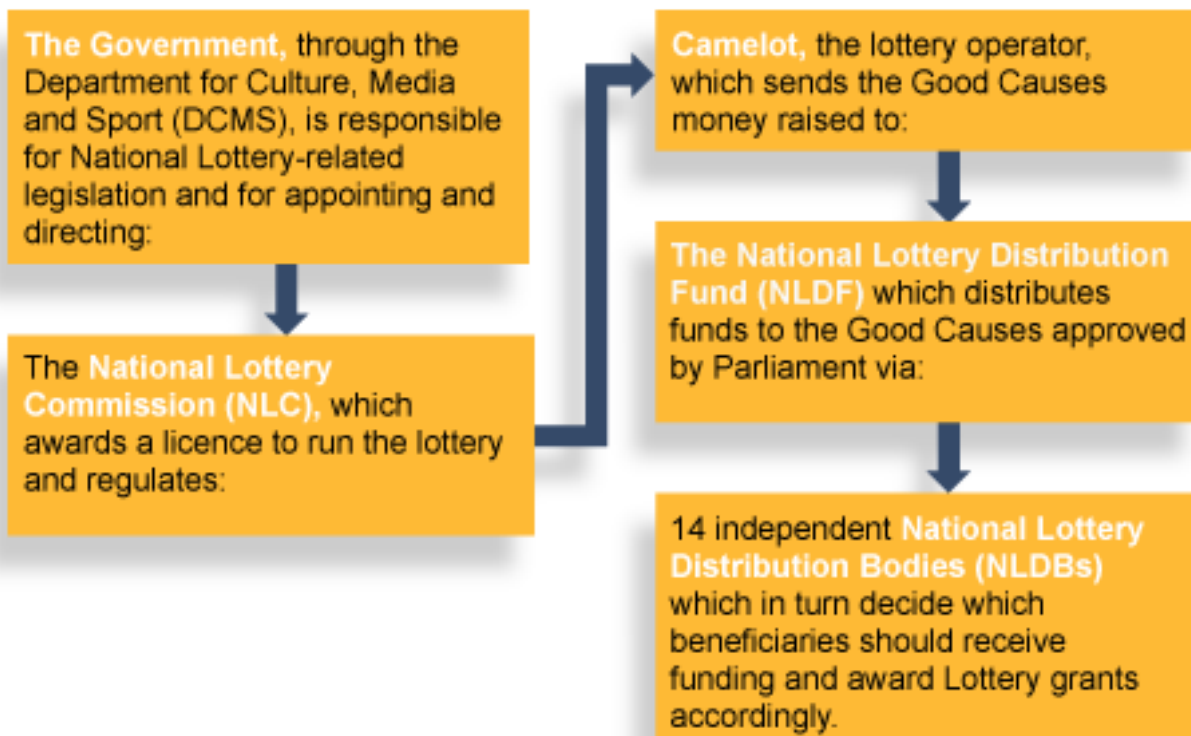
Camelot shareholders		
 www.cadburyschweppes.com	 www.delarue.com	 www.fujitsu.com
 www.royalmail.com	 www.thalesgroup.com	

Camelot and The National Lottery

The National Lottery was established by an Act of Parliament which laid down how the lottery would work. We operate within this framework.

The Government exercises its overall responsibility through the Department for Culture, Media and Sport (DCMS). DCMS appoints the National Lottery Commission, which is our regulator and awards the licence to run the lottery.

DCMS is also responsible for the National Lottery Distribution Fund which receives the money from lottery ticket sales from Camelot and passes them to the Good Causes. Individual grants are actually decided by 14 National Lottery Distribution Bodies. They are independent of Government but have to follow guidelines laid down by DCMS.



Our licence

We won our first seven-year licence to run The National Lottery in 1994, and the first tickets went on sale in November 1994. A second seven-year licence came into force in January 2002.

Our licence sets out three principal objectives:

- to ensure that the lottery is operated with all due propriety
- to ensure that the interests of participants are protected
- to maximise returns to Good Causes subject to the first two objectives.

Camelot is required to meet many licence conditions and we have consistently met or exceeded stringent performance standards.

Where the money goes

The licence stipulates that, over the seven year licence period, lottery revenues are divided like this:

Breakdown of lottery £ Second licence period



- 50% is paid to players in prizes
- 28% is returned to the Good Causes
- 12% goes to the Government in Lottery Duty
- 5% is paid to National Lottery retailers, as well as a 1% commission on prizes which they pay to winners (for prizes between £10 and £200)
- 4.5% covers operating costs, including lottery systems and marketing
- 0.5% is our profit

This means that for every pound of profit we make, retailers make £10, the Government gets £24, the Good Causes £56 and players £100. This makes our 5% share (including profits) the lowest of any major lottery in the world, and returns to society (40%) are a higher proportion of lottery revenue than any other major lottery in Europe. The closest to this figure are the lotteries in Spain and Ireland, which return 33% of revenues to society.

The law specifies eight areas where Good Causes money can go, and the proportion of the distribution fund to be allocated to each of them: health, education, environment, arts, sport, heritage, charities (and millennium projects until 2001). For more information see www.lotterygoodcauses.org.uk. In 2004/05 the lottery paid £1,249 billion to Good Causes (averaging £24 million a week). This brings the total raised since the lottery began to more than £17 billion, benefiting over 190,000 individual projects.

The National Lottery has a greater reach than any other consumer product in the UK - 95% of the population recognises the crossed fingers logo and almost 70% of adults play one of our games regularly. If each of the existing National Lottery brands were ranked by sales against other fast-moving consumer goods, Lotto, Scratchcards, Thunderball and Lotto HotPicks would be in the top four places ahead of brands such as Coca-Cola and Mars bars.

The impact of the lottery has been assessed by the Henley Centre in its report: *Has The National Lottery helped the UK?* It examined 10 years' experience and concluded that most of the misgivings when the lottery was launched had been unfounded. On the contrary, the analysis found that "lottery funding has created significant economic and social benefits across the localities of the UK."

Specifically, the Henley study found that:

- Charitable giving by individuals had not been affected, meaning that charities had received at least £3bn more than they otherwise would have done over the 10 years
- Participation in the lottery and the impacts of Good Causes are spread across the population, rather than taking disproportionate money from the poor and providing benefits unduly to the better off
- There is little evidence that the lottery has added to the extent of gambling problems
- Lottery funding has been a significant catalyst for investment in regeneration, accelerating the pace and increasing the scale of it
- The lottery has stimulated social and cultural innovation which is not generally possible within the public sector model.

Our place in the gaming industry

The National Lottery stands out from other forms of gaming in that we have many players but their stakes are very small. Two-thirds of adults regularly play lottery games, but their average weekly spend is £2.80. Our sales of £4.8 billion means that we have a roughly 9% share of the UK gaming market, compared to 60% for bookmakers and 20% spent on gaming machines.

Players are also aware that their purchase of a lottery ticket or scratchcard directly benefits Good Causes. Unlike any other form of gaming in the UK, The National Lottery returns 40% of its revenues to society via Good Causes (28%) and the Government (12%).

National Lottery games are low-risk compared to 'harder' forms of gambling. See [Responsible gaming](#).

Living our values

Our vision is 'To serve the nation's dreams through The National Lottery'. In pursuit of this vision, our overriding goal is 'To build a growing and respected National Lottery'.

This goal clearly combines our commercial ambitions and our commitment to the highest standards of business practice and social responsibility.

We want Government, shareholders and players to have confidence in the integrity and trustworthiness of the lottery.

Our values

Our company values are fundamental to the way we do business and to building that confidence:

We believe in fair play for our people	We behave with integrity	We can be trusted to deliver	We seek excellence in everything we do	We discharge our responsibilities
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The Camelot way of doing things

We believe that every employee has a right to understand how he or she can contribute directly to achieving our goal. So we asked our staff to help define the behaviours that would embed these values in our day-to-day operations. This is what they said:



we are **passionate** about what we do



we seek **creative** solutions



we are **empowered** to give of our best



we make **progress** through partnership



we take **ownership** of the issues

These five behaviours are now central to our employee assessment and development process and are a key feature of our induction programme for new employees. Four times a year, Camelot employees agree goals with their line manager for the following three months that demonstrate these behaviours.

These values and behaviours put corporate responsibility at the heart of our operations. Our commitment to moving forward through **partnership**, for example, translates into the innovative process of stakeholder engagement that underpins and defines our management of social responsibility. Our determination to take **ownership** of issues extends beyond our commercial operations to embrace our wider social, economic and environmental impacts.