

inside

INTERNAL NEWSLETTER OF THE EKORNES GROUP, NO. 2 - MAY 2010



Employees from the Stressless® factory won the sofa discipline with "Ekornes Skinema", a fully-functional home cinema on skis!

A healthy dose of madness!

Norway Cup in Furniture Sledding creates joy and community spirit. Page 5.

Ekornes experiencing growth in Japan

Good figures for a difficult year.
Page 7.



Christmas presents for 2009:

Results from three continents
Pages 8-9.





ØYVIND TØRLEN
Managing Director/CEO

HIGH ENVIRONMENTAL AMBITIONS

The updated version of "Objectives and Values for the Ekornes Group" is currently being distributed to all employees. The updated version is a result of contributions from employees, management and the Board. I hope I am not far off the mark when I say that this document is supported by everyone in Ekornes, and that the goals and values described have a solid basis throughout the entire organisation. This is the best possible foundation for reaching our goals and ensuring that our value base is solid.

One of the things that has changed in the new version of Objectives and Values is that we have raised our level of ambition with regards to the environment. In the updated version, Ekornes' new environmental ambitions are presented as follows: "Ekornes has as its long-term objective to develop environmental issues to a competitive advantage through being ahead of our competitors also in this field."

This phrase commits us to working systematically and focusing on all aspects of our activities that affect the environment. This is not new to us, as we have had a clear focus on the environment for many years, in terms of both raw materials selection and design of production processes, in addition to a number of other areas. Nonetheless, we will have to really raise the bar in this field in the times ahead. In order to achieve our goal of transforming environmental issues into our competitive advantage, we must make sure we're the best in class, and also be able to communicate this to environmentally

conscious consumers around the world. We will know we have succeeded when those who consider the environment when choosing furniture and mattresses end up selecting a product from Ekornes. I believe an increasing number of consumers will appreciate this dimension, and this trend is becoming increasingly stronger in many international markets compared to what we have seen so far in Norway.

In order to help us achieve our environmental goals, Ekornes recently hired a new Environment and Quality Control Manager. His name is Anders Ramstad and his previous employer was the office furniture producer HÅG, which is probably the Norwegian furniture company that has the most extensive experience in working systematically on environmental issues. When he takes up the position in July, Anders will be working with the entire organisation to help ensure that we achieve our environmental ambitions.

As with all issues that are important to Ekornes, it is vital that we share a common goal and that everyone pulls their weight to help contribute towards it. For this reason, I encourage all employees to get involved in environmental issues and share their ideas on how we can improve. It is highly likely that 1500 heads will be better than one.

Øyvind

Changes to the Norwegian Act relating to holidays:

What you should know

Who hasn't started dreaming about sun, summer and holidays? We are taking this opportunity to remind you of the most important changes to the Norwegian Act relating to holidays, which came into force last year.

– The employee is obliged to take a holiday each year. This applies in addition to the provision stating that "the employer has a duty to ensure that the employee is given a holiday of 25 working days each holiday year."

– With regards to transferring holidays to the following year, employees may – as before – agree that 12 working days will be transferred to the next holiday year; however, the opportunity to agree holidays in advance is limited to 12 working days.

– The right to have unused holidays, compensated for financially, as an alternative to actually taking holiday, is limited. Previously, holiday payment for unused holiday was paid at the end of the holiday year. According to the new rules, holiday that has not been taken, accrued in 2009 or later, will be transferred to the next holiday year.

– If the reason for not taking holiday is illness or maternity/paternity leave, the holiday pay may still be paid as before to the extent that holiday is not transferred to the next holiday year. If illness is the reason why the holiday has not been taken, the employee is, just as before, entitled to have up to 12 working days transferred.

– Employees who turn 60 during the course of the holiday year are now entitled to an additional holiday of six working days. Previously, this was limited to 1 September in the holiday year.



Insights from the board room

In March, two of Ekornes' employee-elected board members shared their experiences with others who are interested in board work – and received praise for their great lecture.



Arnstein Johannessen received many questions from the enthusiastic crowd at the meeting.



Arnstein Johannessen (left) and Edvin Haugen (right) shared their experiences as employee-elected board members. Gunnar Fausa (centre) is an employee representative on the Board of Sykkylven Stål.

– Ekornes has had employees as members of the Board since 1973, says Arnstein Johannessen. He has been a board member in Ekornes ASA since 1997, and an employee in the company since 1974. Arnstein worked as an operator in the steel department from 1980-2007. He is currently an assistant at the marketing warehouse at J.E. Ekornes AS in Ikkornnes, Norway.

In March, he held a lecture along with Edvin Haugen, who is also a board member in Ekornes ASA. The occasion was a members' meeting in StyreAkademiet Sunnmøre at the Color Line stadium in Ålesund, Norway.

StyreAkademiet is a national association that builds networks for those involved in

board work, and works to promote general awareness and knowledge about this subject.

Unique experience

The topic of the meeting was "Extras or powerful team players? The tasks and challenges of employee representatives". Employee representation on the governing bodies of Norwegian companies is an important part of our company democracy.

- Being a board member is a very exciting challenge, and those elected will become familiar with many more sides to the business. At the same time, it is hard work, says Arnstein. He would like to see more training for newly elected employee board members in the times to come. He receives support from Eldbjørg Gui Standal,

an experienced board member and the leader of StyreAkademiet Sunnmøre.

– As a board member and employee, your task is to promote added value and growth in the best way possible for the entire company, owners, co-owners, management and last but not least, society. Employee-elected board members have a unique skill set, and several sectors and businesses would have struggled to carry out their changes, had it not been for their employee-elected board members, says Gui Standal.

StyreAkademiet is a national association that builds networks for those involved in board work, and works to promote general awareness and knowledge about this subject.

Ekornes Cup

Football fiesta gets the village involved

There were plenty of smiles and competitive instinct when the Ekornes Cup was arranged in Sykkylven for the 12th time.



"Aure Goes For Gold Again" and "The Football Crushers from Ikorndnes". There was no shortage of fun and creative team names from the 54 football teams and 515 children who took part in this year's Ekornes Cup. The event lasted for two days and drew in approximately 75% of the school children from the 1st to 7th grades in Sykkylven.

– It is important for us to do something for the local community; that is one of the main reasons why we are arranging this football cup. This allows us to give something back and do something positive for the children, which means they will look at Ekornes as a good place

to work, says Cup Manager Jens Arne Bonesmo.

Great success

The Ekornes Cup is one of the highlights of the year for many young footballers, and the event has had a constant support from visitors since it was first initiated in 1999 by the local newspaper, Sykkylvsbladet.

– We wanted to create some form of street cup for children. The idea was that the children, including those who are not already involved in organised sports, could create their own teams and come up with fun team names. The cup was a great success from year one, says Frank Kjøde,

editor of Sykkylvsbladet.

As the event grew to include several hundred children, the costs became fairly high. Kjøde was therefore very grateful when Ekornes offered to sponsor the event the following year. Since then, Ekornes has been in charge of arranging the Ekornes Cup, with support from the local sports club in Sykkylven, and with Sykkylvsbladet assisting with marketing. SIL Fotball puts in a massive effort to ensure that the event is a success, and receives all the income from the sale of food and lottery tickets. This year, all profits will go to the new club house by the artificial grass pitch in Sykkylven.



"Ikorndnes Lightning Strike" receive diplomas, t-shirts and footballs as a reward for their efforts.



The Ekornes Cup drew in more than 500 children.

Team sports with a twist

Ekornes won three coveted awards when the company took part in this year's Norway Cup in Furniture Sledding at Strandafjellet in March.



Ekornes' sofa factory at Hareid won the Creativity Award for their sofa fish "Flabbane".



Activities like this create a unique sense of community among colleagues, says Connie (left), who participated with her team's contraption "The Easter Egg".

This was the seventh time the informal and popular Norway Cup was arranged. With humour, creativity and team spirit, four teams from Ekornes took to the slopes with their own homemade crafts, internally known as "contraptions". Despite poor weather and little snow, many furniture company representatives and members of the public had turned up to take part in this annual event.

– It was so much fun! It is great to be able to take part in activities like this with your colleagues outside of work, says Connie Hoel, a member of the Furniture Sledding Event Committee.

Great atmosphere

Connie was part of the team from the Stressless® factory at Ikornnes, who came third in the chair discipline. Together with her colleagues, she has spent the time leading up to the event on building their contraption "The Easter Egg".

– This is an event that creates joy and community spirit, and many people look forward to this for a long time, says Connie.

The contraptions consist of furniture with skis or snowboards underneath, and the only thing that restricts their design is your imagination. The Norway Cup in Furniture Sledding is divided into several disciplines, including being fastest down the hill.

After a successful furniture race, the participants enjoyed a nice meal, award ceremony, dancing and partying.

– The Furniture Sledding Cup is an event with a great atmosphere where both the participants and the audience take everything with a good sense of humour and have fun together. I would highly encourage even more people to take part next time, says the organiser.



The pilots of the craft "Pretty Woman", who had come all the way from Fetsund, were able to return home as winners of the Mattress Discipline.



EKORNES TOOK PART WITH THE FOLLOWING CRAFTS:

"Flabbane", Hareid

(Winner of the Creativity Award)
Else Marie L. Brandal, Sankaralingan Sivasangarae, Elisabeth Moldskred, Linda Grimstad, Espen Røyseth Mork, Fatmir Deari, Torill Holm, Eli Anne Skarshaug, Bård Tryggestad, Anna Tomczak and Pawel Korczynski.

"Pretty Woman", Fetsund

(Winner of the Mattress Discipline)
Roar Ødegaard, Inga Grönbeck and Ann Rustad

"Ekornes Skinema", Ikornnes

(Winner of the Sofa Discipline)
Jan Kristoffer Midtgård, Tommy Årnes, Aleksander Midtgård (sponsor Focus sport), Vidar Blindheim, Ole Andre Eikrem, Øyvind Tørlen, Stian Utgård, Jan Kato Klokk, Stefan Salipar and Arve Ekornes.

"The Easter Egg", Ikornnes

(Third place in the Chair Discipline)
Connie Hoel and Silje Hausvik.

The Factory Manager at Grodås retires:

Active pensioner

Harald Holmøyvik has been the Manager of the Ekornes factory at Grodås since 1989. He retired in February, and is now making the most of his pensioner lifestyle.

He used to have to get up around 5 a.m. every morning to go to work, but now he does whatever he pleases.

– It feels weird to be retired, but I am still as active as I used to be. I haven't slowed down just because I am a pensioner now, he chuckles.

Harald started at Ekornes in 1979. He had many different tasks, including technical work and maintenance, before he became the Factory Manager at Grodås in 1989. He sums up his time at Ekornes as a very interesting period, in which massive developments took place.

– I have many fond memories. Among other things, it has been fun to work with all the various investment projects, which gave us a great foundation for development, says the former factory manager.

"A proper knees-up"

When Harald retired, the employees at the Grodås factory arranged a retirement party for their former boss. It was a grand party with entertainment, speeches and good food and drink. Harald was taken by surprise.

– It was a proper knees-up. I had not expected such a big party. It was great to see so many people turning up for my retirement party. This either means that we've had a good time together, or that they are thrilled to get rid of me, he laughs.

Since Harald retired, Knut Ove Rygg has taken over as the Factory Manager, and Harald believes he will have no problem filling his shoes. He thinks it is nice to be able to hand over the responsibility now that the company is doing really well.

What do you look forward to doing now?

– I always joke that I am the granddad that probably goes to the most football and handball matches in the county of Sogn og Fjordane. I have many grandchildren, so I try to be as involved as possible. Now I will also have more time for two hobbies I've had for most of my life; hunting and fishing. I love being out and about in the forest and mountains, says the former factory manager.



Harald was honoured by colleagues at his retirement party. Harald together with CEO Øyvind Tørlen and Ola Arne Ramstad.



Ekornes success in Japan

Although Norwegian furniture export to Japan fell by 4.2% last year, Ekornes increased its turnover in the Japanese market by 22.5%.

For several years, Ekornes has been the largest supplier of recliners to Japan. New figures show that Ekornes continues to increase its market share – in spite of the turbulent global economy.

– The fact that we are increasing our sales is a result of systematically implementing our marketing concept and building relationships with our retailers, says Svein Lunde, International Marketing Director in Ekornes.

Popular showroom

The market conditions have been

challenging in Japan, with a general downturn in GDP of 5.2% in 2009. The furniture market has been hit especially hard, with a decline of more than 20% compared to last year.

Stressless® is currently sold via approximately 340 retail outlets in Japan; a mixture of warehouses, chains and independent retailers. Three years ago, Ekornes opened its own showrooms in Aoyama – one of the largest trading districts of Tokyo. Here, you will find 140 sq. metres dedicated to displaying a wide range of the Stressless® collection.

– Competition for space in the shops is strong in Tokyo, and it is difficult to display the variety of our collection. In the showrooms we can display Stressless® models that are not shown in the warehouses, says Lunde.

The warehouse salesmen may bring their customers to the showroom. In addition, customers may obviously drop by of their own accord.



Michiko Berg worked at Ekornes for several years, and is now based at Ekornes' offices in Japan.

Want to learn from Ekornes

Despite Ekornes' progressive development, the Norwegian furniture industry in general is fighting for a space in the Japanese market.

Michiko Berg at Ekornes' offices in Japan has informed us that the CEO of Innovation Norway, Gunn Ovesen, visited our Tokyo showrooms in February.

The background for the visit is an initiative

from the Japanese furniture market, which has established a network to aid their Norwegian suppliers in an unsteady world economy. In cooperation with Innovation Norway and the Norwegian Embassy, they are implementing measures to strengthen Norwegian furniture export to Japan, which is the single most important market outside of Europe and the USA.

At the meeting with Ekornes in Tokyo, Ovesen was briefed about Ekornes' efforts to sell and market their products in Japan.

Christmas presents 2009:

Results from three continents



Carlos from SOS Nova Vida, contractor Nelson Trodora and Inger are happy after having secured the agreements for the first stage of the building project.



Children queuing orderly for their daily hot meal.

Inger Harrington's project in São Paulo, Brazil:

Extended facilities

Inger and her Norwegian support group, Casa Emanuel, have been focusing on various projects in Brazil for many years. The gift from Ekornes of NOK 30,000 was earmarked for building a new orphanage and to a project promoting healthy leisure activities for children. In February, Chairman of the Board for Casa Emanuel, Per Jan Vinje, travelled to Brazil to help Inger start work on the new, safe children's home SOS Nova Vida.

– There is no longer any doubt that the gift from Ekornes has had an effect. The very same day that the contractor was hired, the first few workers arrived on site. It is important for Inger to use local workers, as this ensures that as many as possible can benefit from Ekornes' donation. Inger has also hired three new employees at SOS Nova Vida, and raised the salaries of the other employees.

For the children in the favela Jardim Kennedy in Maua, the gift from Ekornes has made it possible for the project's instigators to extend the facilities for the children. They are now starting up several football schools, rhythmic gymnastics, a separate Capoeira school (an old warrior dance previously performed by slaves and combined with martial arts), and the children's mothers are being involved in all the activities. The money also helps provide qualified instructors as well as necessary equipment, says Per Jan Vinje.

The Mathare slum in Kenya:

Energy for learning

Britt Lødøen coordinates the collection of money for a school project in one of the poorest slums in Kenya, Mathare. The gift of NOK 75,000 from Ekornes is intended to cover rent and a daily hot meal for the 150 children who attend the school.

– I have just returned from a 4-week unannounced visit to Kenya. Everything is running like clockwork there, and I found the chef over two vast pots full of food for all the pupils. The children were so happy, and ran around shouting "Thank you, Ekornes". It was a joy to see all the children so full of energy because they were feeling content and full before the start of the next lesson. Reverend Luke, who runs the school, told me that the pupils now show up for school every single day, to a large extent because of the free meal. He asked me to tell you that everyone in the Ekornes Group are more than welcome to visit the school at any time, says Britt Lødøen.

A lot has happened in the four months that have passed since Ekornes decided to give its Christmas present to three charity projects in Brazil, Kenya and the Philippines. Here is an update.



The construction works at Lola Daycare Center are now coming to an end.

Lola Daycare Center in the Philippines:

Opening in June

May-Britt Tynes from Sykkylven had just started working on creating a new day care centre for children on the island Cebu when she received Ekornes' gift just before Christmas. The gift, NOK 50,000, has meant that the Lola Daycare Center is almost ready for use.

– Once again, I would like to express my gratitude for the large donation you have made. It helped speed up the building of the day care centre, and my many supporters and I are hoping to open it in June. The City Social Welfare and Development Office in the City of Bogu is now in charge of registering all the children who will make use of the Lola Daycare Center. The children who will be offered a space are the poorest children in the area, and the centre will be a valuable addition to the everyday life of these kids and their closest families. At the Lola Daycare Center they will receive educational training, take part in activities, spend time with others and be given a hot meal every day. Two qualified teachers have been hired, and they will have the main responsibility for running the centre and the activities, but it is the users who will undertake the planning and carry out the cooking and cleaning, says May Britt Tynes.



Agnès and André enjoying a good book in their new seating area.

Genuine Stressless® enthusiasts

In December, the recently retired couple Agnès and André Pillenière decided to treat themselves.

The French couple had long talked about renewing their two Stressless® chairs, which were bought more than 20 years ago. They had a look at the Ekornes website, and their daughter advised them to have a look at the Stressless® Wave home cinema, which she had seen on display at Bazin Design.

– As the happy owners of two comfortable Stressless® chairs for so many years, it was natural for us to lean towards the same brand to see what they do today, the couple says.

No competition

Before Christmas, just before closing time, they entered the shop. Forty-five minutes later, the purchase order was signed. They went for a Stressless® Wave Family Media, a high-back sofa with four seats and Sector tables.

– It is wonderful to watch a film when you're sitting so comfortably, with a great view of the TV, and a place to put your glasses, a cup of tea, your crossword and a book. Bazin Design's salesman was brilliant. He gave us great advice, and when we sat down in the sofa, that was it. A couple of weeks later, the furniture was delivered to our door, says the couple.

Misunderstood chair

The demo chair is an important part of a Stressless® studio. It shows the internal workings of a Stressless® chair, and is a good aid for explaining functions such as the automatically adjustable lower back and neck support. Many of our Japanese customers are very technically minded, and several of them have tried to sit in the demo chair. Ekornes has therefore found it necessary to put up a warning that this chair is not for sitting in.

Marketing Manager Kenji Oyama with a Stressless® demo chair featuring a warning.



From left: Kenji Oyama, Marketing Manager, and Takahiro Shimizu, Head Salesman at the Tokyo department store.

Japanese home cinema

In the large department store Mitsukoshi, in downtown Tokyo, Ekornes Japan have been able to display a Stressless® Space with a Bose home cinema in the hi-fi department. The large department store has a lot of customers, which means Ekornes is able to advertise the Stressless® sofa even to people who were not originally looking for furniture.

Eye-catcher in France

Ekornes recently ran a big, nationwide campaign in France. For a whole week in the beginning of April, the Stressless® brand was highlighted by nearly 10,000 billboards. The promotional material was highly visible in Champs Elysées, the main street in Paris.

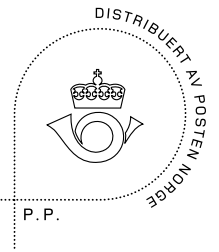


inside EKORNES

NO. 2 - May 2010
 Publisher: Ekornes ASA, 6222 Ikorntnes.
 Tel: (+47) 70 25 52 00. Fax: (+47) 70 25 53 60
 Editor in Chief: Jarle Tusvik.
 E-mail: jarle.tusvik@ekornes.no
 Design and production: I&M Kommunikasjon AS
 Printers: Nordberg Aksidenstrykkeri

NORGE

P.P.



NEW EMPLOYEES

Ekornes ASA

Hans Gunnar Høyland
 Knut Didrik Svendsen

J.E. Ekornes AS, Ikorntnes

Wenche Leirmo
 Torbjørn Nybø
 Håkon Krabbestig (former apprentice)
 Kristian Giskehaug (former apprentice)
 Kine Hole
 Mariam Bjørkavåg – Costa Rica
 Kjell Jarle Skinnes
 Ruth Øxnevad
 Richard Brunstad
 Svenkunas Ramunas – Lithuania
 Anne Eli Espe
 Kjellfrid Rundereim Grebstad
 Marius Nordang
 Hans Emil Toftesund Thunem
 Julie Kristin Lillebø
 John-Tore Hauge
 Christoffer Brunstad
 Tove Merethe Løvoll Klock
 Inger Anne Sætran
 Ragnfrid Aamodt

J.E. Ekornes AS, div. Vestlandske

Frode Vadset
 Henriette Tandstad
 Tove Berge Lyngstad

J.E. Ekornes AS, div. Tynes

Rick Zöllner – Germany
 Okubazgi Mehari Dermas – Eritrea
 Rolf Rudi
 Mariusz Lesczynski – Poland

Ekornes Fetsund AS

Synnøve Bø Engebraaten
 Stig Roger Bakken

Ekornes Møbler AS, div. Hareid

Ernestas Nasickas – Lithuania
 Radoslaw Matlawski – Poland
 Kriss Bettina Bø

Ekornes Møbler AS, div. Grodås

Knut Ove Rygg
 Charly Morel Perez – Dominican Republic
 Eivind Kongsvik
 Siri Lunde Raftevold
 Edvard Fagerheim
 Tormod Andre Fjellvang
 Anette Therese Haugen
 Rut K. Lødemel Halstensen
 Sven Mikal Vidnes

Names in the news

E-Commerce Manager

Knut D. Svendsen has just been hired in the new position of E-Commerce Manager as of 1 March. He previously worked as E-Commerce Manager for Hilton Worldwide in the USA, and has also worked for Telenor, NexGenTel, American Online and eBay. The position has been created to strengthen Ekornes' standing in terms of web communication and marketing through electronic means.

**Environment and Quality Control Manager**

Anders Ramstad is the new Environment and Quality Control Manager at Ekornes. Ramstad was previously the Design Manager for R&D in Scandinavian Business Seating AS (best known for the brand HÅG), in which he worked in the interface between product development, environment and quality. He has also previously worked for Tandberg, Vinn Design and Seaconsult. In Ekornes, Ramstad will help turn environmental issues into competitive benefits, and safeguard the quality of the products the company produces. .

**Board Member in Giske's "Future Council"**

Kjersti Kleven, an Ekornes Board Member, has been elected to Minister of Trade and Industry – Trond Giske's Future Council. Along with Frederiksen, Reitan, Wilhelmsen and the Selvaag heirs, Kleven will share her experience and knowledge about the development trends of Norwegian trade and commerce. Kjersti Kleven grew up in the shipbuilding industry, but has also been a researcher for the Institute for Labour and Social Research (Fafo); head of the Nordvest Forum; and a board member in Ekornes, Telenor and Kleven. Giske felt it was important to include representatives of what he dubs the most complete industrial cluster we have in Norway, and Kleven and the others will look at how the Norwegian furniture trade can be innovated.



Craft Certificates

In April, 5 employees at Ekornes department Grodås received craft certificates for joinery. From left to right: Bruce Thurmann Faulk, Erik Charles Faulk, Unni Kiviranta, Nadarajah Swarnaharan and Sebjørn Tomasgard. To the right is Holgeir Aasen from the Confederation of Norwegian Enterprise (NHO), who is also the leader of the Vocational Training Board.

