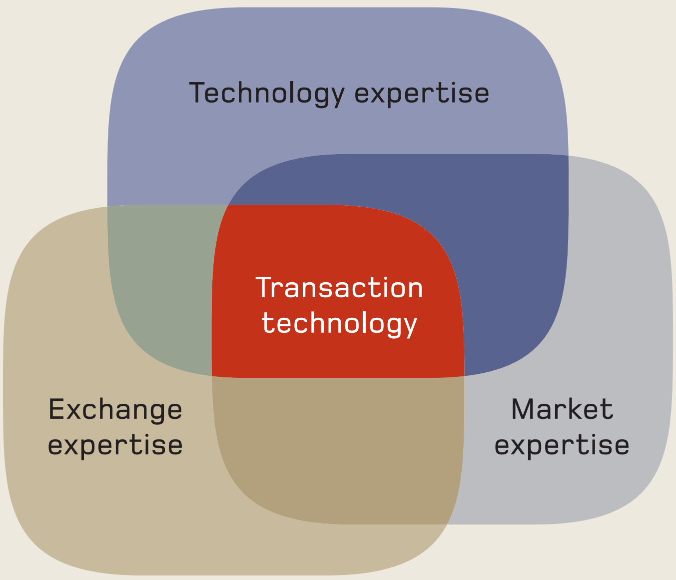
Annual Report 2001

The Hand Signal has, for many years, been a well-known symbol for communicating on the trading floor. Today, trading on most exchanges is performed electronically – often through systems provided by OM. Nevertheless, the hand can also symbolize the most important aspect of modern electronic trading – the human involvement.



OM's core competence – transaction technology – arises at the intersection of OM's different areas of expertise. Technology expertise comes from OM's experience of developing and operating systems solutions. Exchange expertise comprises OM's experience of operating marketplaces and other transaction related operations. Market expertise represents OM's knowledge of the different types of financial and energy markets for which it develops solutions.

This is OM

Operations

OM develops and operates systems solutions for companies on the world's financial and energy markets, and also owns exchanges and clearing houses. OM is a market leading knowledge-based company with a unique core competence – transaction technology. OM has more than 300 customers and 1,600 employees in ten countries and on four continents.

History

Since its inception in 1984 OM has had a pioneering history. In 1985 OM developed Northern Europe's first derivatives exchange. In 1987 OM became the first exchange in the world to become listed on a stock exchange. In 1990 OM developed and sold the world's first electronic exchange system for derivatives trading. In 1995 OM developed and delivered the trading system to the world's first electricity exchange. In 1998 OM acquired the Stockholm Stock Exchange. In 2001 revenue from OM's technology operations exceeded revenue from its exchange operations.

Financial targets and earnings

OM's long-term financial target is to achieve a minimum of 20 percent revenue growth per annum at the same time as the return on shareholders' equity is to exceed 20 percent. During the past five years OM's revenue has grown by an average of 40 percent per annum and the return on shareholders' equity has been 16 percent. During 2001 OM's revenue totaled SEK 3,072 m.

Organization

With effect from 2002 OM's operations are divided into five business areas:

- Within Broker Services OM provides systems solutions and back-office-for-hire services to banks and brokerage firms.
- Within Energy Market Solutions OM develops systems solutions for marketplaces and participants on deregulated energy markets, as well as owning and operating the UKPX and NGX energy exchanges.
- Within Financial Market Solutions OM develops systems solutions primarily for exchanges, clearing houses, banks and brokerage firms.
- Within Global Services OM operates exchange and clearing systems for more than 10 customers around the world.
- Stockholmsbörsen is Northern Europe's leading exchange, offering trading in equities, fixed-income instruments and derivatives products as well as clearing, listing and information services. Stockholmsbörsen also includes OM London Exchange and Jiway.

The OM share

OM is listed on Stockholmsbörsen's A list, under the "most traded shares" segment. There are 84,040,118 OM shares in total.

CHAPTER ONE:
2001 – A YEAR OF
MIXED DEVELOPMENTS

"The year was characterized by restructuring and continued operational growth"

High targets

OM's revenue has grown by an average of 40 percent per annum during the past five years.

OM's fundamental objective is to, long-term, increase the value of its shareholders' invested capital. This can only be done by simultaneously creating value for customers, employees and the company's other interested parties. The focus on long-term creation of shareholder value is an important driving force behind OM's successes and unique market position.

Financial targets and target achievement

OM has aggressive financial targets. OM's 20/20 target means that group revenue, over time, shall grow by a minimum of 20 percent per annum, at the same time as return on shareholders' equity (ROE) is to exceed 20 percent.

In the light of rapidly declining interest-rates during recent years, OM's return target in relation to the market has progressively increased. After the 20/20 target was set in 1995, the Swedish short-term market interest rate, expressed in terms of the OMRX T-Bill, has fallen from 11 to 4 percent.

OM's average revenue growth rate during the past five years was 40 percent per annum while average ROE was 16 percent. In 2001 OM's revenue decreased by 3 percent while ROE was –1 percent.

FINANCIAL TARGETS AND ACTUAL RESULTS

	Target	1997–2001 on average	2001	2000	1999	1998	1997
Revenue growth	20%	40%	–3%	61%	25%	62%	55%
ROE	20%	16%	–1%	25%	16%	18%	22%

REVENUE AND INCOME

	2001	2000	1999
Revenue, group SEK m	3,072	3,152	1,954
Income before depreciation (EBITDA), excl. items affecting comparability **, SEK m	387	927	692
Net income, SEK m	–25	730	444
Earnings per share, SEK	–0.30	8.69	5.30
Dividend (2001 proposed), SEK	(1.00)	6.00	5.00

The year 2001

For OM, 2001 was characterized by continued growth within the company's technology operations and, at the same time, large non-recurring expenses related to the restructuring of Jiway and a cost-efficiency program.

OM was affected early on in the economic downturn and conditions in many of the markets in which OM operates became weaker during the year. However, OM continued to gain market share and received a number of important systems orders from existing, as well as new, customers. Within OM's exchange operations developments were mixed compared with 2000 – equity trading volumes fell, while derivatives trading volumes reached record levels.

Towards the year-end, there were visible effects from the efficiency programs implemented during the year.

Earnings development in 2001

OM's revenue amounted to SEK 3,072 m (3,152). Revenue from OM's technology operations increased by 30 percent compared to the previous year, the growth was 49 percent excluding the sale of shares in Orc Software. Revenue from OM's exchange operations fell, 26 percent, largely as a result of lower market values and a fee reduction at Stockholmsbörsen.

OM's income before depreciation totaled SEK 130 m (932). The costs related to Jiway were the major reason for the decrease in income compared to 2000. Excluding Jiway*, and items affecting comparability**, OM's income before depreciation amounted to SEK 694 m (1,201).

Income before depreciation from technology operations, organized within Division Technology during the year, totaled SEK 323 m (445), including SEK 95 m (250) from the sale of shares in Orc Software.

Income before depreciation from exchange operations, organized within Division Transaction during the year, amounted to SEK 517 m (954).

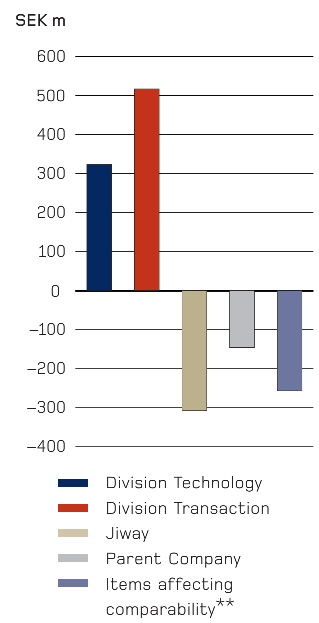
OM's expensed investments in R&D totaled SEK 289 m (287) for the year. Group net income was SEK –25 m (730).

Significant events

- OM received a number of major systems orders from both existing and new customers, including Hong Kong Exchanges, Borsa Italiana, Minneapolis Grain Exchange, NASD and the SFE Corporation.
- The order value for systems related products amounted to SEK 3,599 m (3,008) at the year-end.
- OM established a new office in Hong Kong.
- Equity trading turnover on Stockholmsbörsen decreased by 10 percent while the number of derivatives contracts traded increased by 17 percent.
- Stockholmsbörsen reduced its fees for trading and clearing in equity-related derivatives.
- OM Fixed Income Exchange launched electronic trading in Swedish Government bonds.
- Trading in XACT[OMX], OM's exchange traded fund, increased steadily during the year.
- Spot trading was introduced on OM's electricity exchange, UK Power Exchange (UKPX), the United Kingdom's leading electricity exchange.
- OM acquired the remaining 49 percent of North America's leading gas exchange, Natural Gas Exchange (NGX).
- OM introduced a group-wide cost-efficiency program.
- Jiway was restructured. OM took over Morgan Stanley's ownership stake and Jiway was integrated with OM's operations.
- The number of employees increased to 1,583 (1,354) at the year-end.
- A new organization was implemented, with effect from January 1, 2002. The company's operations, which were contained within two divisions during 2001, are now divided into five business areas.

OM continued to gain market share throughout the year.

INCOME BEFORE DEPRECIATION (EBITDA), 2001



* Jiway's income before depreciation for the first nine months of the year totaled SEK –307 m. With effect from October 2001 Jiway ceased to be a separate division within OM.

**Items affecting comparability, excluding write-downs, amounted to SEK –257 m (5), and consisted of SEK 184 m related to Jiway's restructuring and SEK 73 m for the implementation of the cost-efficiency program.

Olof Stenhammar, Chairman

Daring to lead change

"The toughest times have been when we have learned the most"

In many ways 2001 was a year that tested our resilience. Falling prices and shrinking volumes on the world's financial markets reflected the global recession and general pessimism which characterized the year. A natural consequence perhaps – reinforced by the tragic events in New York on September 11 – of almost ten years of global economic growth.

2001 was also a difficult year for OM. For the first time since its inception in 1984, OM reported a pre-tax deficit. Something which naturally feels quite alien after so many years of strong income development.

That a rapidly growing entrepreneurial company like OM experiences setbacks from time to time is not that unusual. Daring to lead developments and stand at the frontline also means daring to lose sometimes.

OM has proved its resilience in the face of tough times before. Personally I believe that these are the times when we have learned the most. Our senses are sharpened and what becomes important is how we analyze the situation, that we draw the correct conclusions and that we demonstrate the drive and ability to take action and see it through. I think that OM did exactly this in 2001.

Analysis clearly shows the strength that is present in OM's main areas, our technology operations where we develop systems solutions, and our exchange operations which include Stockholmsbörsen.

Both these main areas continue to be highly profitable. Compared to the record year of 2000, Stockholmsbörsen experienced only minor volume reductions and trading started to increase towards the year-end.

Growth within OM's technology operations continues to be very high and we gained a number of important customers during the year. The order book at the year-end is a testimony of OM's ability to further develop long-lasting, valuable relationships with existing customers, as well as to win market share in a difficult economic climate.

During the year OM incurred substantial non-recurring expenses for Jiway which, since its restructure, is now being operated with a significantly lower cost-base. Throughout 2002 we shall also see the full effects of the group-wide cost efficiency program that was introduced in 2001. So, with our business areas strong and vital, and a trimmer cost base, we can look forward to the coming year with great confidence.

The measures taken during the year form a strong platform for continued growth. A limited domestic market means that most of this growth must continue to take place on an international level.

The structural transformation of the European exchange markets looks set to intensify during the coming year. Euronext's acquisition of LIFFE in London, and Deutsche Börse's acquisition of Clearstream, are just the beginning.

Inevitably, trading will be attracted to those financial and capital markets offering the greatest liquidity and cost efficiency. These developments are further enhanced by the increasing moves towards regulatory harmonization in Europe.

Cost-efficiency demands efficient transaction technology, large volumes and an integrated infrastructure throughout the entire transaction chain. Today's fragmented trading on European exchanges will go through great changes. Exchanges can be viewed as "transaction factories", for which the need to fill systems with large volumes, thus achieving economies of scale, becomes a necessity.

Stockholmsbörsen is a cost-effective marketplace today. Future demands for even lower costs mean that Stockholmsbörsen must strive to become an even greater part of the larger trading volumes in Europe. This represents a major, exciting challenge for the years ahead.

Growing order levels are a mark of OM's strength. The list of old and new customers is impressive, as is OM's ability to build long-term customer relationships. The world's major exchanges and clearing houses choose OM's solutions to increase their efficiency and competitive strength. OM's transaction technology is world-leading and we see no reason why this strong growth trend should not continue. There are not many companies in the IT sector today that would dare to express such a positive future perspective.

I am confident that we will not be proved wrong.

Olof Stenhammar
Chairman and founder

A year of mixed developments

"I am convinced that, as we enter 2002, OM is a stronger company than a year ago"

The contrast between the global recession of 2001 and the steadily rising bull markets of recent years was astounding. To counter the effects of increasingly weaker markets we implemented a number of tough measures within OM during the course of the year. At the same time OM has markedly strengthened its brand and I firmly believe that the company is stronger now, as we enter 2002, than it was one year ago.

There were many reasons why 2001 was a difficult year. The economic downturn which started in the USA, took an increasing hold in Europe. We saw the world's equity markets fall dramatically during the year.

And then came the tragic events of September 11. Thankfully all of OM's employees in our New York office survived the terrorist attack. However, a number of our US clients, partners and friends suffered tragic losses. On behalf of OM, I would like to take this opportunity to once again express our deepest sympathy to the families and relatives who have been personally affected by the events of that day.

Of all our businesses Jiway was the one that was most negatively affected by the economic downturn and the sharp fall in retail trading levels on the world's equity markets last year. Jiway was launched, in collabora-


Per E. Larsson, President and Chief Executive Officer

tion with Morgan Stanley, in November 2000 as the world's first fully integrated stock exchange. It soon became apparent that our timing could not have been worse. With retail investors shying away from equity markets, and brokerage firms battling against a headwind, trading levels on Jiway were nowhere near our expectations. Having had a number of firm discussions with potential partners during the summer months, we eventually reached a crossroad. We had two alternatives: either close down Jiway's operations or scale them down as much as possible while retaining the offer and the platform. We opted for the latter. By taking over Morgan Stanley's ownership of Jiway and integrating its operations with OM's, we are now in a position to continue operations with a significantly lower cost base. All the while retaining the potential of the business. The restructuring of Jiway, resulting in substantial non-recurring expenses, was just one of the measures taken within OM during the year to increase efficiency. Towards the end of the year we also conducted a reorganization of OM. The new organization, in effect from January 2002, is aimed at reinforcing our focus on customer-oriented solutions as well as on increasing cost-efficiency per se.

Implementing efficiency programs is never easy, particularly when most of OM's operations have performed well. We have been forced to make a number of employees redundant and we have effected other tough measures, both within our technology and exchange operations. However – this period of time behind us – we were pleased to see that our actions started to give concrete results before the year-end.

Given the weakened results of 2001, it is easy to forget that OM is active in a number of growth markets and that the company's development during the past five years has been very strong. In 2001, OM was not able to achieve its financial targets, which aim for an annual turnover growth rate of at least 20 percent and a return on shareholders' equity of above 20 percent. From a longer-term perspective though, OM has a comparatively strong track record. During the past five years OM has had an annual revenue growth of 40 percent and a return on shareholders' equity of 16 percent.

Looking back at 2001, there were also many positive developments within OM. During what was, in market terms, a weak year we still managed to increase systems sales within our technology operations by close to 50 percent. The total order value for OM's technology operations increased to SEK 3.6 billion at the year-end. During the year we announced a number of new major orders from both existing as well as new customers. These included Hong Kong Exchanges, Borsa Italiana, Minneapolis Grain Exchange, and the National Association of Securities Dealers (NASD).

The NASD order further reinforces our position as a systems provider in the North American market. As an example, having delivered systems to International Securities Exchange (ISE) and American Stock Exchange (AMEX) during the past few years, more than 40 percent of the US total daily equity options trading volume now takes place within systems developed by OM.

At the beginning of 2002 we presented a totally new solution, a system for Central Securities Depository (CSD) and settlement, that we will be marketing as EXIGO CSD™. Our first customer within this area is SFE Corporation in Sydney, for which we are not only developing the new system, but we will also operate it under an eight-year contract. Systems operation, so called facility management services, is one of the fastest growing areas for OM. With operation hubs in Stockholm, London, New York and Sydney we can now operate our own exchanges as well as those of other companies, 24 hours a day, 7 days a week.

Most of our systems customers have leading, global operations. The fact that we are dealing with the world's premier financial brands is testimony to the increasing strength of the OM brand. A further confirmation of strength is how many of our customers come back and extend the scope of their relationship with OM.

Another exciting company with an increasingly strong brand within our sphere of interest is Orc Software. Orc Software, which until its market listing in November 2000 was a subsidiary of OM, is going from strength to strength in terms of growth, profitability and leading products. At the time of writing, OM's 33 percent stake in Orc Software is worth close to SEK 1 billion.

Developments were mixed within our exchange operations during the year. Equity trading turnover on Stockholmsbörsen fell by 10 percent year-on-year. However, we must not forget that equity trading levels in 2001 were 50 percent higher than in 1999 – a year when the OMX index rose by more than 70 percent. In other words, what we are seeing is a high level of underlying growth. The turnover velocity for equity trading during 2001 was, at 134 percent, the highest yet. I am pleased to report that derivatives turnover on Stockholmsbörsen and OM London Exchange also reached record levels. The year-on-year increase of 17 percent in derivatives trading is partly attributable to the substantial fee reduction for equity derivatives, which Stockholmsbörsen introduced in

February. The fee reduction, combined with falling share prices and options' premiums were the main reasons behind the 30 percent drop in trading revenue on Stockholmsbörsen compared to the previous year.

It is positive for Stockholmsbörsen that the collaboration within the Norex exchange alliance is proceeding in the right direction. When Oslo Börs later this year migrates its trading to OM's SAXESS™ system, it means that the exchanges in all Scandinavian countries; Denmark, Iceland, Norway and Sweden, will be using the same trading platform.

XACT Fonder, our company that manages and develops exchange traded funds, has continued to experience impressive growth during the year, both in relation to assets under management and trading volumes. At the end of 2001 XACT Fonder had SEK 1.8 billion in capital under management, more than ten times as much as it had at the beginning of that year. Exchange traded index funds are allocation instruments that will increase in popularity during the coming years.

Another significant event within our exchange operations was the integration of OM Fixed Income Exchange with Stockholmsbörsen at the end of the year. Now we are able to offer trading in equities, interest-bearing instruments as well as all types of derivative products via one and the same exchange. Earlier in the year OM Fixed Income Exchange successfully introduced electronic trading in Swedish Government bonds. This trading currently represents more than 50 percent of the total Interbank trade in Government bonds, a market with a value of approximately SEK 900 billion during 2001.

OM owns two of the world's leading energy exchanges. In Canada, OM owns and operates NGX (Natural Gas Exchange), North America's leading exchange of its kind. NGX, which has 85 members, is a profitable and fast-growing business. UKPX, the United Kingdom's first electricity exchange, is also owned by OM. Since it opened at the beginning of 2000, UKPX has become the leading electricity exchange in the United Kingdom. In 2001 more than 80 percent of British exchange-traded electricity contracts were executed on UKPX. It is still early days for UKPX and the exchange has not yet reached break-even.

Both NGX and UKPX are authorized, independent exchanges offering integrated trading and clearing. The sophisticated clearing operations in particular give these exchanges a competitive edge that is becoming increasingly apparent, not least in the wake of the Enron collapse. There is a growing demand for professional risk management services in the world's markets.

Finally, I would like to say how pleased I am to see that exchanges all over the world, particularly in Europe, are choosing to abandon their mutual ownership structure and are instead embracing OM's view on how an exchange should be owned and managed. This is good for OM. Not least as the focus on shareholder value will lead to more rational decisions in terms of investments in new systems solutions. This new, more commercial approach will also accelerate consolidation between exchanges. With the unique transaction technology expertise OM possesses, we have the opportunity to play an active role in these developments.

All in all, 2001 was a year of tough decisions and resolute actions. While some of these measures were painful, it is because of them, and our reinforced position in a number of important markets, that OM is in a stronger position as we move into 2002, than it was at the start of 2001. Which is also why I am convinced – more than ever before – that our most interesting deals are still out there waiting for us.

Per E. Larsson
President and Chief Executive Officer

CHAPTER TWO:

STRATEGY AND OPERATIONS

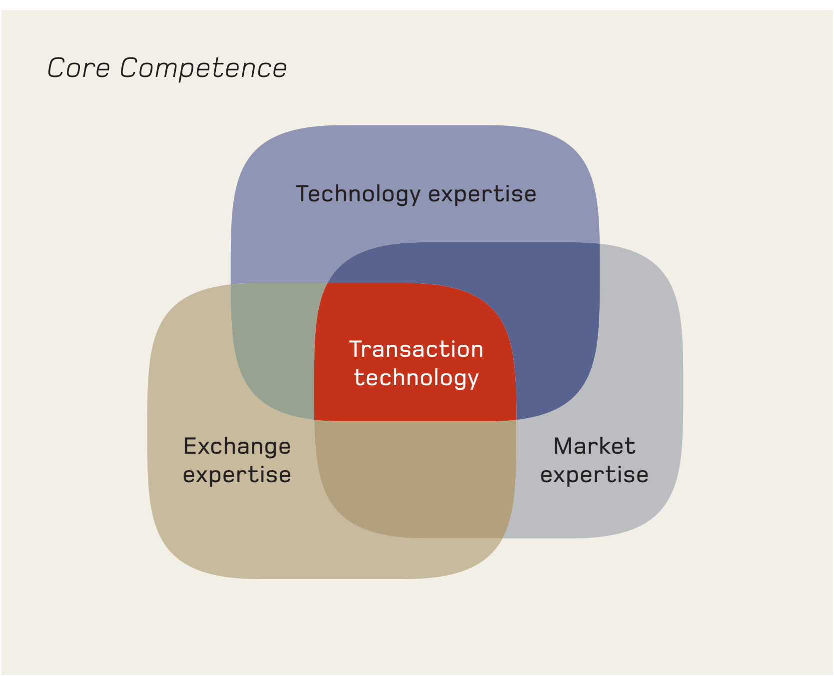
”With leading transaction technology, OM sets standards for the world’s markets”

Knowledge – starting point for strategy and business model

Integration along the entire value chain is an important part of OM's strategy.

OM's strategy is based on creating the world's most efficient market solutions using transaction technology. OM creates added value by offering solutions which increase efficiency and integrate business processes. The core competence within transaction technology unites OM's operations and creates competitive strength through integration in a number of dimensions:

- OM's solutions allow for integrated and complete service offerings with increased efficiency along the transaction chain.
- With flexibility in terms of products and trading models, OM's solutions can handle a large, integrated product offering.
- OM's solutions have an open systems architecture and can create integration between different types of systems as well as between different types of markets and across national borders.



Dynamic strategy

As the markets in which OM operates undergo rapid change, OM's strategy must be continuously developed. Something that does not change however is OM's strategic focus on its core competence – transaction technology. The core competence is the unique knowledge that arises at the intersection between OM's main areas of expertise.

Technology expertise comes from OM's experience of developing and operating systems solutions. Exchange expertise symbolizes OM's experience of operating marketplaces and other transaction related operations. Market expertise represents OM's knowledge of the different types of financial and energy markets for which it develops solutions.

Business model

OM has a business model with different levels of operational and service involvement:

- OM develops and provides systems solutions, primarily software.
- OM also takes responsibility for the operation of a delivered systems solution.
- OM is also responsible as owner or partner for the operational aspects of a business, such as an exchange.

Operations at these different levels have, in part, different characteristics. The basis for earnings and value creation can vary. The core competence within transaction technology constitutes the basic prerequisite for adding value at each level, as it does in the interaction between them – to a great extent OM's strategy builds on integration along the entire value chain.

1. OM develops and provides systems solutions

OM's proven products form a "tool box" from which adapted customer solutions are created. After OM has developed and delivered a systems solution, the customer licenses the right to use the software. The license fee received by OM can be either fixed or volume-based.

Each customer project comprises adaptations for customer-specific requirements, for example those related to functionality and capacity. This development and installation work generates project revenue that is invoiced accordning to level of completion.

When a systems solution is delivered, OM undertakes to improve and develop the system on an ongoing basis, for which OM receives a recurring support revenue.

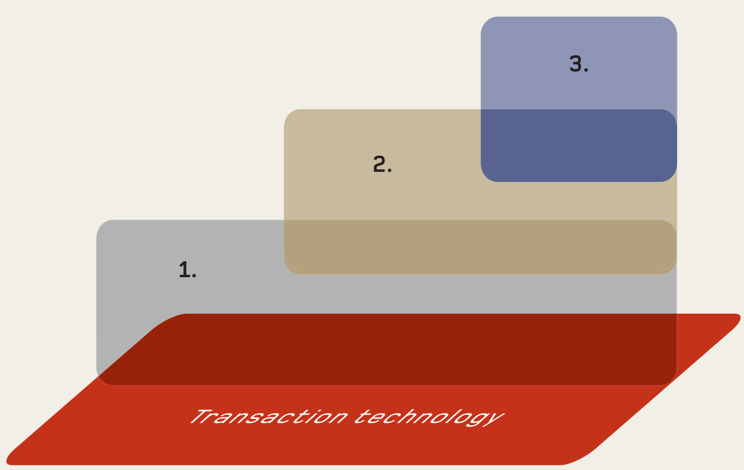
2. OM also manages the operation of a systems solution

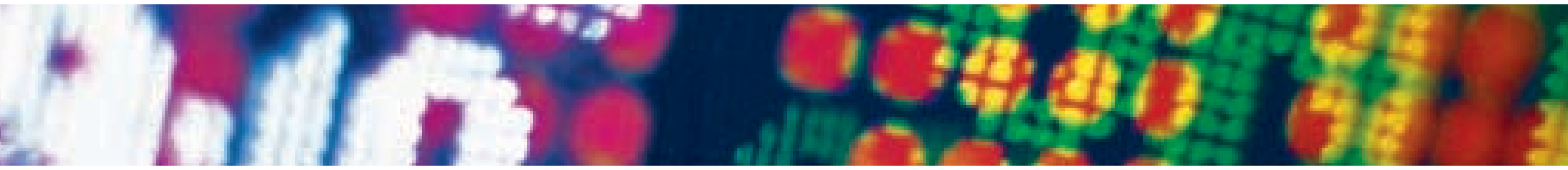
In a more encompassing type of agreement OM is also responsible for the ongoing technical operation of a systems platform. These types of solutions are becoming increasingly popular and represent an important area of growth for OM. With this kind of contract, earnings are based to a large degree on operational efficiency. Benefits of scale and highly effective systems solutions create a competitive cost picture for the customer. A facility management solution such as this earns OM recurring operating revenue that can be both fixed and volume based.

3. OM assumes full responsibility for the operational services of a business

In an even broader type of involvement OM, as either partner or owner, can participate in all or parts of the services responsibility for a business, such as an exchange. The prerequisites for this are that OM's transaction technology can enhance operations and result in a higher return. An example was OM's acquisition in 1998 of the Stockholm Stock Exchange, now Stockholmsbörsen. With access to OM's transaction technology, Stockholmsbörsen is today one of the world's most efficient exchanges, with a unique combination of low trading fees and high profitability.

Business model

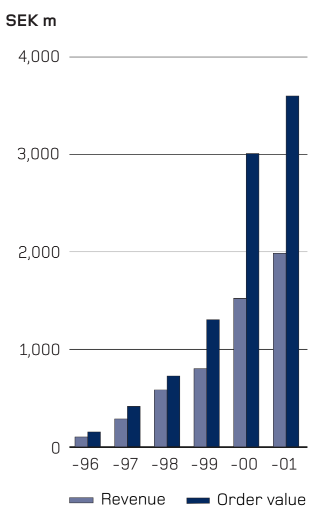




Transaction technology creates competitive strength

OM's solutions are open and created for maximum flexibility and scalability.

REVENUE AND ORDER VALUE FROM TECHNOLOGY OPERATIONS



Transaction technology is ultimately about making markets more efficient. That each transaction, with all the different stages of handling that are involved, can be managed in the shortest possible lead-time at the lowest possible cost. This is the aim of OM's solutions: to create the prerequisites for competitive strength and profitable trading.

The flows on the world's financial and energy markets are made of complex chains of electronic instructions. Each specific market has its own unique transaction chain in which each part is handled by specialized companies. These participants – investors, banks, brokerage firms, exchanges, clearing houses and CSDs etc., – all fulfil important functions in the transaction handling process.

All participants in the transaction chain have a growing need to invest in transaction technology. This need grows in pace with increasing global competition. The more efficient the technology, the lower the cost per transaction and the greater the opportunities for business development. An investment in technology is an investment in competitive strength.

In addition to general trends such as deregulation, harmonization and market adaptation, technical development is in itself a driving force behind the growing markets in which OM is active.

Companies wish to improve their service offerings and extend their range of products at the same time as there is a greater need to drive down costs. Development is further reinforced by the increasing number of companies who are governed by commercial interests and, with that, a greater awareness of costs and investments. Overall there is an increasing demand for solutions that reduce transaction costs and increase operational efficiency; the demand for OM's solutions is growing.

OM's technology operations

OM is a market leading provider of systems solutions to companies operating in financial markets and energy markets. All solutions developed by OM are open and built for maximum scalability and flexibility. With OM as provider, customers receive the most established solutions on the market and are able to develop their operations without being limited by technology.

The new organization that OM has implemented with effect from January 1, 2002, is aimed at increasing focus on customer-oriented solutions. The operations that during 2001 comprised Division Technology are now organized in four customer-oriented business areas.

→ Within Broker Services OM provides systems solutions and back-office-for-hire services to banks and brokerage firms.

→ Within Energy Market Solutions OM develops systems solutions for marketplaces and participants in deregulated energy markets, as well as owning and operating the UKPX and NGX energy exchanges.

- Within Financial Market Solutions OM develops systems solutions primarily for exchanges, clearing houses, banks and brokerage firms.
- Within Global Services OM operates exchange and clearing systems for more than 10 customers around the world.

Intensive product development

OM's proven products form a "tool box" for the creation of adapted customer solutions. In order to further develop its core competence and secure its position as market leader, OM invests extensively in R&D. Development covers in equal measure the development of totally new products and the addition of new functionality to existing platforms and products - the "tool box" keeps growing.

Expensed investments in R&D within OM's technology operations during 2001 amounted to SEK 262 m (200), which represents 13 (13) percent of gross revenue.

Growth and profitability

OM's sale of systems solutions have grown substantially during recent years – on average by more than 70 percent per annum during the past five years. In 2001, total revenue within OM's Division Technology rose by 30 percent to SEK 1,986 m (1,523), the increase was 49 percent excluding the sale of shares in Orc Software.

The total order value of systems related products amounted to SEK 3,599 m (3,008) at the year-end, of which orders valued at SEK 1,220 m (1,014) are due for delivery in 2002.

Operating income before depreciation amounted to SEK 323 m (445), including the gain from the sale of shares in Orc Software. The number of employees within OM's technology operations increased during the year to 1,170 (774).

OM has two main sources of revenue within its technology operations: technology and systems sales (project, license and support revenue) and Facility Management Services. For a sensitivity analysis, see page 69.

Financial Market Solutions

During the past decade, OM has developed a market leading position as a provider of systems solutions to exchanges and clearing houses throughout the world. In recent years OM has also established itself in the market for systems solutions to banks and brokerage firms.

The demand for systems solutions among companies operating in financial markets is growing rapidly. One clear trend is that participants such as banks, brokerage firms, exchanges and clearing houses are, to an increasing degree, abandoning their in-house systems development in favor of standardized, more complete solutions from professional, external providers. The fact that exchanges and clearing houses around the world are increasingly converting into for-profit companies, abandoning their mutual status, is also a contributing factor behind an increased focus on technology as a competitive tool.

At the same time, the economies of scale achieved through outsourcing of facility management, support and other areas of business to service providers have become increasingly clear. A provider of trading systems shall today, in addition to the adapted software, be able to provide service solutions for operations and support. These trends benefit OM.

With effect from 2002, OM's systems solutions for financial markets are organized within the Financial Market Solutions business area.

Solutions for exchanges and clearing houses

Throughout 2001 the world's exchanges and clearing houses invested more than SEK 60 billion in technology. Despite OM being the world's leading provider of exchange and clearing systems, OM still has a small, though rapidly growing, share of the total IT investments made by exchanges and clearing houses

SIGNIFICANT EVENTS WITHIN TECHNOLOGY OPERATIONS

- Sales increased by 49 percent, excluding the sale of shares.
- Year-end order value totaled SEK 3,599 m.
- A new office was opened in Hong Kong.
- OM signed an agreement with American Stock Exchange for delivery of both the SAXESS™ and CLICK™ exchange systems.
- Hong Kong Exchanges chose OM as provider of new clearing system.
- Borsa Italiana signed agreement with OM for delivery of the CLICK™ exchange system.
- ABN Amro signed agreement with OM for delivery of the One World™ Settlement System.
- Minneapolis Grain Exchange signed agreement with OM for delivery of OM's CLICK™ exchange system.
- NASD signed an agreement with OM for delivery of the SAXESS™ exchange system.
- OM signed an agreement with SFE Corporation, in Sydney, for delivery of a new CSD-system, which will go under the product name EXIGO CSD™.
- OM acquired Hostmark, an Internet Data Central.
- OM sold one million shares in Orc Software. Following the sale OM owns 5 million shares in Orc Software.

Transaction technology – general market trends

A clear trend in the demand for systems solutions in financial and energy markets, is that companies such as exchanges, clearing houses and CSD's are increasingly abandoning in-house systems development in favor of standardized, more complete solutions from professional, external providers.

on a annual basis. The market is highly fragmented and has traditionally been characterized by a dominant portion of in-house systems development.

OM's systems solutions are extremely flexible in terms of functionality, capacity and ability to handle different product types. The systems can support order driven as well as market-maker trading in both electronic and floor-based trading models. In capacity terms, OM's systems solutions could handle the trading at any exchange in the world.

At the year-end OM's two trading systems, CLICK™ and SAXESS™, had been delivered to more than 20 exchanges around the world. A number of different trading and analysis tools can be connected to the systems, including ORC, SAXESS™ Trade, OM Link™ and CLICK™ Trade.

SECUR™ is OM's central system for clearing of derivatives trading. SECUR™ has been delivered to ten exchanges and clearing houses around the world.

OM has recently launched EXIGO CSD™ – a fully automated, standardized systems solution for central securities depository (CSD) and settlement. The target group for EXIGO CSD™ is primarily made up of the world's CSDs (Central Securities Depositories). At the start of 2002 SFE Corporation in Sydney, Australia, signed an agreement with OM thereby being the first customer to purchase EXIGO CSD™.

Solutions for financial market intermediaries

The size of the market for systems to market participants and intermediaries is immense – in 2001 alone the world's banks and brokerage firms invested around SEK 700 billion in technology. In overall terms OM has a small share of this market, but with the backing of its brand and expertise within transaction technology this is an area of great potential for OM.

Among the world's banks and brokerage firms there is a gradual change taking place in the use of new technology. A rapid rate of expansion and an increasing cost awareness means that banks and brokerage firms generally aim at closer co-operation with a few selected providers. From this perspective OM's broad and established solutions represent a competitive advantage. With a series of products that handle securities trading for banks and brokerage firms – OneWorld™ – OM is establishing itself as one of a small number of global brands in this market.

The solutions provided by OneWorld™ support such functions as order routing and settlement, either individually or fully inte-

Financial markets – transaction chain

This is one way of illustrating a transaction chain for a financial market, such as the equity market. Originally OM developed trading systems for exchanges. Today OM offers a broad range of standardized systems solutions to companies along the entire transaction chain in financial markets.

grated. The OneWorld™ range of solutions simplifies the customer's processes both externally in relation to marketplaces and internally between different offices and units.

Competition

The markets for technology software to companies operating in financial markets are fragmented. Historically, OM's main competitors in terms of systems for exchanges and clearing houses have been the companies' in-house IT departments, often in combination with larger consultancy firms. Examples of product companies that are competing with OM in this area today are ATOS Euronext, Computershare, Tibco Finance and London International Financial Futures Exchange (LIFFE).

The number of companies providing systems to banks and brokerage firms is vast. In most countries there are a number of small, local providers of systems and systems components. The few major international providers competing with OM's OneWorld™ product range include SunGard, Royal Blue, ADP, Wilco, Misys, KTEK, Davidge and Davidsohn.

EXAMPLES OF EXCHANGE AND CLEARING CUSTOMERS

- American Stock Exchange
- Australian Stock Exchange
- Borsa Italiana
- BOTCC
- BrokerTec
- Copenhagen Stock Exchange
- Hong Kong Exchanges & Clearing
- International Securities Exchange, ISE
- Korea Futures Exchange
- London Metal Exchange
- Minneapolis Grain Exchange
- NASD
- Nordpool
- Oslo Stock Exchange
- SFE Corporation

Energy Market Solutions

All over the world energy markets are in the process of being deregulated and new trading structures are emerging. Marketplaces, producers, distributors and consumers – all have a growing need for sophisticated systems solutions to handle their energy trading.

The deregulation of energy markets creates demand for completely new systems solutions for risk control, trading and administration. Historically, these markets have been characterized by price regulation, long contract times and few transactions. Risks were severely limited, and so too was the ability to trade.

With effect from 2002, OM's development of systems solutions for companies operating on the energy markets is organized within the Energy Market Solutions business area, which also includes the energy exchanges NGX and UKPX.

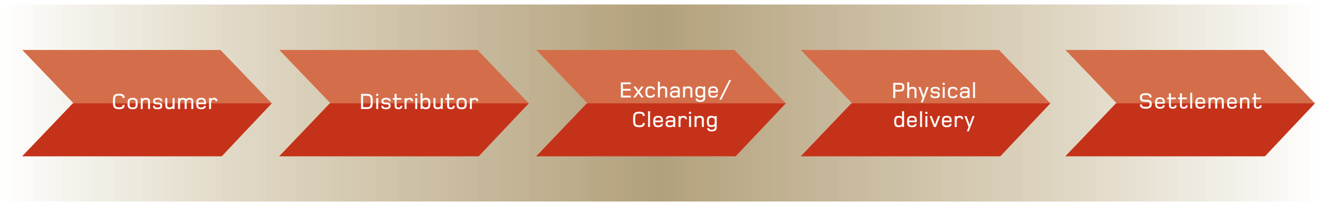
The market's leading provider

OM creates solutions for companies in the energy markets. OM's main focus is on systems solutions for the management of transactions between energy producers and distributors as well as distributors and consumers. No other company can match OM's experience when it comes to delivering systems for exchange trading in electricity contracts. OM's solutions for energy markets comprise systems for trading, risk analysis and the sale of electricity to consumers.

POMAX™ is a series of systems with great market potential. Offering solutions for trading, risk management, settlement and back-office as well as systems for the distribution and sale of power to the consumer, POMAX™ is flexible and can be accessed and used over the Internet.

Deregulation of energy markets creates need for new systems solutions.

Deregulated energy markets – transaction chain



This is one way of illustrating a transaction chain for a deregulated energy market. Originally OM developed trading systems for electricity exchanges. Today OM offers a broad range of standardized systems solutions to companies along large parts of the transaction chain in energy markets.

Competitors

In terms of competition for providing systems solutions to deregulated energy markets, OM competes with a number of different companies, for different target groups. These include Schlumberger SEMA, ABB Informations Systems and Logica when it comes to solutions for energy exchanges. KWI, Caminus and SunGard are competitors in the participant market. Consumer market competitors include SAP, Infosynergi and SPL World-group.

Global Services

Facility Management Services revenue has increased by an average of 79 percent per annum during the past five years.

OM offers complete operational responsibility for systems used by companies in financial and energy markets. With a facility management services solution from OM, the customer is provided with unique access to OM's competence and experience in developing, maintaining and operating systems. The systems markets for financial and energy markets are moving towards closer co-operation between supplier and customer. Generally, customers are increasingly demanding complete solutions and a smaller number of suppliers.

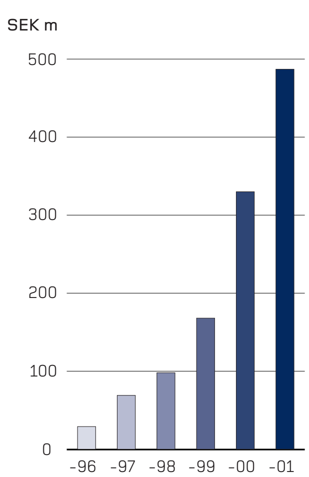
Within the Global Services business area OM manages the technical operations of systems for customers in both the financial and energy markets. With OM managing the systems operation and support, in addition to the technology development and delivery, the customer is free to focus on its core business. At the same time the customer also benefits from considerable economies of scale, the market's most efficient technology as well as operation and support, 24 hours a day, 7 days a week. OM manages operation and maintenance, for example performance optimization and upgrade management, at a very low cost compared to that of developing, maintaining and operating systems in-house. OM has facility management centers in London, New York, Sydney and Stockholm.

Stable growth and great potential

Growth within the area of Global Services continued at a high level throughout 2001. Revenue from facility management services, also derived from the Broker Services business area, has increased by an average of 79 percent per annum during the past five years. At the year-end OM was responsible for the operation of 13 (10) exchanges and clearing houses around the world.

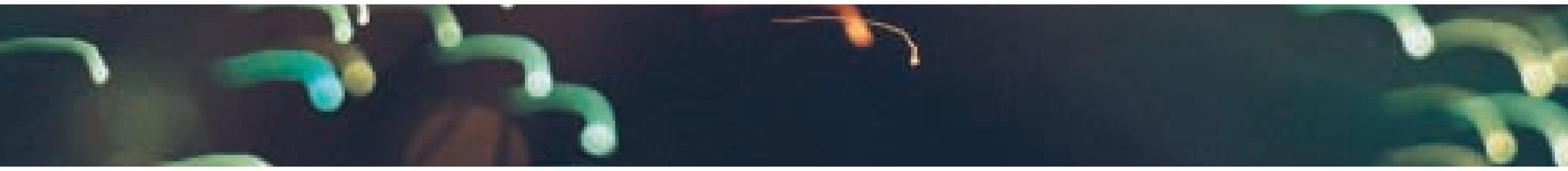
Broker Services

REVENUE FROM FACILITY MANAGEMENT SERVICES



Outsourcing of systems operations and administrative handling is also becoming increasingly common among banks and brokerage firms. By using OM's services for their systems, operations and securities administration, banks and brokerage firms are able to concentrate to a greater extent on their core operations. At the same time, costs decrease when a number of users share the same infrastructure.

Within the Broker Services business area OM provides systems solutions and cost effective back-office-for-hire services to banks and brokerage firms in the Nordic countries. The services comprise integrated solutions for international trading, customer trading, capital management and securities trading. Within the Broker Services business area OM has developed a handling process that is largely automated, thus increasing time efficiency and reducing the risk of error compared with the manual processes that still dominate the back offices of many market participants. Broker Services handles more than 40 percent of the daily transactions on the Swedish equity market on behalf of 30 customers who, in total, have 430,000 end-customer accounts.



Efficient exchange services

The most fundamental prerequisites for a profitable exchange are a liquid market, an efficient trading system and a customer adapted market model.

OM has many years of experience of owning and operating exchanges. Ever since OM opened the Nordic region's first derivatives exchange it has continued to develop its position as a pioneer within the exchange arena. These are a few examples;

- 1985 OM developed the world's first exchange with integrated clearing, and later that year was first to offer clearing for OTC contracts.
- 1987 OM became the world's first exchange to become listed on a stock exchange.
- 1989 OM opened OM London Exchange, the first privately-owned exchange in the UK.
- 1998 OM acquired the then 135-year old Stockholm Stock Exchange.
- 2000 OM opened the UK's first electricity exchange, UK Power Exchange.
- In the fall 2000 OM introduced trading on the world's first fully-integrated stock exchange, Jiway.
- In 2000 OM introduced trading in XACT^{OMX}, the first exchange traded fund in the Nordic region.

The most important driving force behind all of these initiatives is OM's focus on transaction technology, the basis for offering the best possible service at the lowest possible cost.

OM's exchange operations

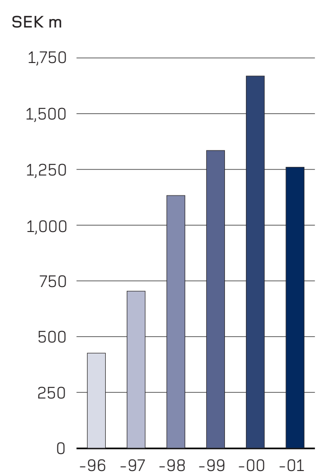
Throughout the year OM's exchange operations were organized within Division Transaction and included Stockholmsbörsen, OM London Exchange, Jiway, UKPX, NGX, OM Fixed Income Exchange as well as XACT Fonder and Lendtech. OM operates wholly-owned exchanges domiciled in Sweden, the United Kingdom and Canada.

Stockholmsbörsen offers trading in equities, trading and clearing of derivative products as well as trading and clearing in fixed income products. OM London Exchange offers primarily trading and clearing in Nordic derivatives products, although within its operating framework OM also runs the UK Power Exchange as well as the exchange operations of Jiway. In Sweden OM also operates XACT Fonder, which operates and manages exchange traded index funds, as well as Lendtech, which offers stock lending services. In Canada OM operates Natural Gas Exchange, NGX, offering trading and clearing of natural gas contracts.

With effect from January 2002 OM Fixed Income Exchange, OM London Exchange and the exchange operations of Jiway are part of Stockholmsbörsen. In the new organization, UKPX and NGX are part of the Energy Market Solutions business area (see page 33).

OM's exchanges are among the world's most efficient market places.

REVENUE FROM EXCHANGE OPERATIONS



Growth and profitability

Revenue from OM's exchange operations, during the year contained within Division Transaction, totaled SEK1,260 m (1,699). The year-on-year drop in revenue was largely attributable to lower market values of listed companies, lower equity trading activity and fee reductions for equity-related derivatives trading. Income before depreciation amounted to SEK 517 m (954). Expensed R&D investments in Division Transaction during the year totaled SEK 27 m (87). For a sensitivity analysis, see page 69.

Opportunities and challenges

The European trade in equities and derivative products has grown rapidly during the last decade. Equity turnover on the five largest European exchanges has, on average, increased by more than 20 percent annually during the last ten years. The corresponding annual growth in Swedish equity trading was over 40 percent. During the same period trading turnover in options and futures contracts on Stockholmsbörsen has increased by an average of 20 percent per annum. Structural trends such as deregulation, harmonization, privatization, demographic changes and pension reforms continue to drive this equity revolution forward.

Many of the world's leading exchanges today offer electronic trading that is mainly order-driven and relatively efficient. From an international perspective the European exchanges and clearing houses are forerunners in terms of cost efficiency for domestic trading. On Stockholmsbörsen, which has Europe's lowest exchange fee for an average equity trade, exchange fees are only 0.008 percent, approximately one-thirtieth of the average broker commission charged to the client, or end-investor. It is far more expensive for an investor to trade equities and derivatives across national borders in Europe. In almost every European country there is at least one national exchange and clearing house governed by local regulations and legislation. Europe's 300 most traded shares are listed on more than ten different exchanges. From an investor perspective the trend towards fewer, larger exchanges and the creation of functions for central counterparty clearing is desirable.

The fact that the leading European exchanges have recently demutualized and have become listed is another highly significant driving force behind a European industry consolidation. An exchange has a large proportion of fixed costs, and costs per transaction decreases as trading volumes increase. From a shareholder perspective it is naturally advantageous for an exchange to attract increased transaction volume through mergers and acquisitions with other exchanges.

A more widespread commercial approach to running exchanges also means that competition for trading volumes intensifies, not only between exchanges but also between exchanges and the major banks and brokerage firms that to an increasing degree match trades internally, i.e. off-exchange. The most significant competitive advantage lies in the actual level of trading volumes itself, i.e. in the exchange's ability to offer deep liquidity in as many instruments as possible.

Faced with these challenges and opportunities, technology is becoming an even more important competitive factor. In general, exchanges are not only aiming to reduce their marginal costs but also to develop their service and product offerings. With the right transaction technology an exchange can, for example, offer trading and clearing services for both equities and equity derivatives as well achieving increased cost efficiency.

STOCKHOLMSBÖRSEN
PART OF OM

Stockholmsbörsen is one of the world's most modern and efficient exchanges. With the market's leading trading system and an efficient trading model, Stockholmsbörsen is Northern Europe's most liquid exchange for trading in equities, fixed income products and derivative instruments as well as clearing, listing and information services.

Integrated range of products and services

Stockholmsbörsen offers trading in equities, convertibles, warrants, bonds, premium bonds and exchange traded funds. Stockholmsbörsen also offers trading and clearing in Swedish, Norwegian and Danish equity options, index options, fixed income derivatives as well as equity and index futures.

Trading in equities on Stockholmsbörsen is through OM's SAXESS™ trading system, while derivatives trading is through OM's CLICK™ trading system. Both trading systems are order-driven, which means that the end-customer orders are executed on Stockholmsbörsen. Trading in both equities and derivatives takes place on weekdays between 09.30 and 17.30.

Stockholmsbörsen has three main sources of revenue: trading and clearing revenue, issuers' revenue and information revenue. Trading and clearing revenue, which represents the largest portion of total revenue, is derived from transaction fees as well as those fees charged for clearing and the counterparty risk to which OM is exposed through derivatives trading. Issuers' fees are those fees paid annually by each company with a listing on Stockholmsbörsen. Information revenue comes from the price-information that Stockholmsbörsen sells to information vendors, exchange members and individuals.

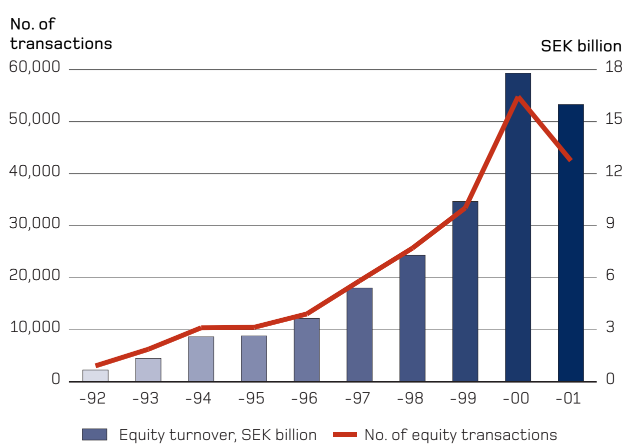
With effect from 2002 Stockholmsbörsen also contains, in organizational terms, OM Fixed Income Exchange, OM London Exchange and the exchange operations formerly contained within Jiway.

Leading cost efficiency

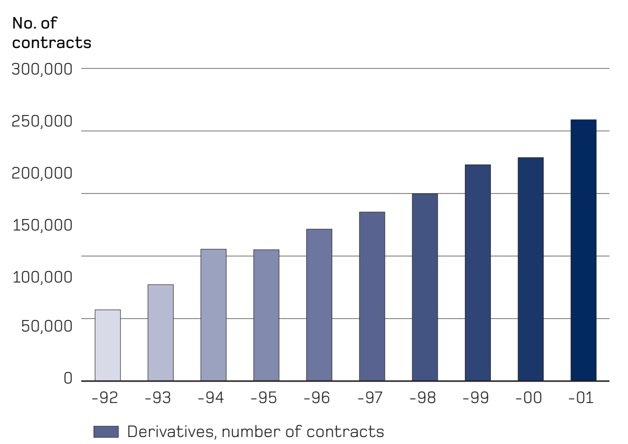
Through strategic investments and the efficient implementation of new technology, Stockholmsbörsen has created a competitive edge over many other exchanges. Of all the major European exchanges Stockholmsbörsen charges the lowest fee for an average equity trade. Stockholmsbörsen's fees are also competitive in terms of trading and clearing of derivative products, particularly following the fee reduction, in February 2001, for trading in equity-related derivative products, of on average 40 percent.

Of the major European exchanges, Stockholmsbörsen has the lowest fee for an average equity transaction.

AVERAGE DAILY TURNOVER IN EQUITY TRADING ON STOCKHOLMSBÖRSEN



AVERAGE DAILY TURNOVER IN DERIVATIVE CONTRACTS ON STOCKHOLMSBÖRSEN AND OM LONDON EXCHANGE



SIGNIFICANT EVENTS ON STOCKHOLMSBÖRSEN DURING 2001

- The average daily value in equities trading on Stockholmsbörsen decreased 10 percent.
- The turnover velocity in equity trading was the highest ever.
- Derivatives trading volumes reached record levels. Compared to 2000 average daily turnover increased by 17 percent.
- A new industry classification and index composition was introduced, based on the Global Industry Classification Standard (GICS), developed by Morgan Stanley Capital and Standard & Poor's.
- A new fee structure for equity-related derivative products, options and futures, was introduced in February. The new fee structure meant a general fee reduction of almost 40 percent for equity-related derivatives on Stockholmsbörsen.
- OM Fixed Income Exchange introduced electronic trading in Swedish bonds.

Stockholmsbörsen was the first exchange to introduce remote membership as well as to develop trading links with other exchanges. These developments have greatly enhanced the competitive edge of Stockholmsbörsen.

Exchange trading has increased dramatically during the past ten years. In 2001 Stockholmsbörsen had its second best year to date in terms of equity trading volumes – despite the fact that share prices were comparatively weak throughout the year. The daily value in equities trading totaled SEK 16.0 (17.8) billion while the turnover velocity in equity trading was the highest ever, at 134 (107) percent. Derivatives trading peaked at record levels. Compared with 2000, average daily derivatives turnover increased by 17 percent to 250,943 (231,242) contracts per day. The total premium value of equity options traded was SEK 148.1 m (227.6) per day.

Central counterparty clearing for derivative products

Stockholmsbörsen offers clearing for both equity-related and fixed income related derivatives. A trade cleared by Stockholmsbörsen means that the exchange guarantees the fulfillment of that trade. To this end Stockholmsbörsen enters as the counterparty against both buyer and seller. The central counterparty clearing contributes to the creation of a more efficient market as market participants do not need to consider the original counterparty risk as part of the price picture. As security against the risks that arise from its clearing operations, Stockholmsbörsen requires collateral to be pledged by its members as well as end-customers.

Stockholmsbörsen's clearing operations are located in Stockholm and London. Clearing in London, at OM London Exchange, is effected at member level while clearing in Stockholm is at end-customer level. In addition to the clearing of exchange-traded derivatives, Stockholmsbörsen also provides clearing of OTC derivatives, or Tailor Made Clearing. By using this service, a clearing member also avoids the counterparty risks for instruments traded off the exchange. OM also runs clearing operations within UKPX, NGX and Jiway. Stockholmsbörsen has many years of experience in offering clearing services and managing clearing risks, see page 59.

New marketplace for bond trading

Stockholmsbörsen offers electronic marketplace solutions to the exchange and Interbank markets, as well as clearing, in fixed income related derivative products. OM Fixed Income Exchange, which with effect from January 2002 is part of Stockholmsbörsen, launched electronic trading in Swedish Government bonds during the year, a market that previously was entirely telephone-based. Since it started in May this electronic trade represents around 50 percent of the total Interbank market in Government bonds. Now it is also possible to issue fixed income securities directly in the marketplace. The Swedish National Debt Office was the first issuer to make use of this service.

Members

Stockholmsbörsen's membership network has expanded dramatically during the past ten years, particularly since remote membership was introduced.

Throughout 2001, the number of new membership applications continued to be high and at the year-end Stockholmsbörsen had 72 members for equity trading. As for its derivatives members, including those members of OM London Exchange which distribute Stockholmsbörsen's products, Stockholmsbörsen had 123 members at the year-end. Many intermediaries have both types of membership, which means that in total Stockholmsbörsen has 153 members. 27 new members joined in 2001 and 16 members left during the same period.

Listing services

Stockholmsbörsen primarily lists equities, warrants and bonds, in addition to other types of securities.

At the year-end, 305 (311) companies were listed on Stockholmsbörsen. Interest in a Stockholmsbörsen listing remains high and the number of listings is expected to increase again, once the capital market has stabilized. The total market capitalization of listed companies was, at the year-end, SEK 2,856 billion (3,583).

Information services

Stockholmsbörsen sells trading information to over fifty Swedish and foreign information vendors, who further disseminate information to the end user. These information vendors include companies such as Reuters, Bloomberg, SIX and Ecovision. A number of Stockholmsbörsen's members disseminate price information via the Internet to their own on-line trading services.

OM London Exchange

OM London Exchange, part of Stockholmsbörsen, is one of seven Recognized Investment Exchanges in the United Kingdom and is authorized by the Financial Services Authority (FSA). OM London Exchange operates a derivatives exchange offering trading in Swedish, Norwegian and Danish derivative products. Derivatives trading at OM London Exchange is effected through OM's CLICK™ system. OM London Exchange also operates UK Power Exchange, the United Kingdom's leading electricity exchange which has just over 40 members. From October 2001 OM London Exchange also contains Jiway, which offers cross-border equity trading.

From October 1, 2001 Jiway has been wholly-owned by OM, organized under OM London Exchange and Stockholmsbörsen. OM is thereby now the sole owner of the Jiway brand as well as Jiway's exchange, clearing and back-office-for-hire operations. With the integration it is possible to run Jiway's operations at a significantly more cost-effective level. As of October 2001 Jiway Broker Services, Jiway's settlement and back-office services, have been organized within OM's technology operations as part of the Broker Services business area (see page 22).

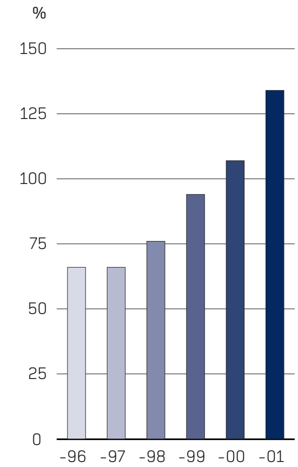
Trading on Jiway, Europe's first fully-integrated stock exchange, started in November 2000. By integrating trading, clearing and settlement services Jiway is able to offer Europe's lowest transaction fees for cross-border trading. At the year-end 21 client companies, banks and brokerage firms, were connected to Jiway.

Stockholmsbörsen's competitive situation

International competition for order flows is intensifying. As trading becomes increasingly automated, exchanges today are not only competing with each other but also with alternative marketplaces as well as, indirectly, with major banks, where an increasing number of trades are being matched within their internal systems.

The eight largest exchanges in Europe represent more than 90 percent of the total European equity trading turnover, which in 2001 had a value of over SEK 140,000 billion. Europe's largest stock exchanges are the London Stock Exchange, Euronext and Deutsche Börse. Stockholmsbörsen is Europe's seventh largest stock exchange. In terms of the trade in equity-related derivative products, the top three European exchanges are Eurex (subsidiary of Deutsche Börse), Euronext and Stockholmsbörsen. When it comes to equity trading, Stockholmsbörsen competes primarily with Nasdaq, New York Stock Exchange, Helsinki Exchanges, London Stock Exchange and Swiss Exchange. For derivatives trading Stockholmsbörsen competes primarily with Eurex, Chicago Board Options Exchange, LIFFE and American Stock Exchange. In addition there is competition for both trading in equities and derivatives outside the exchanges, so called OTC trading, between banks and through alternative trading networks.

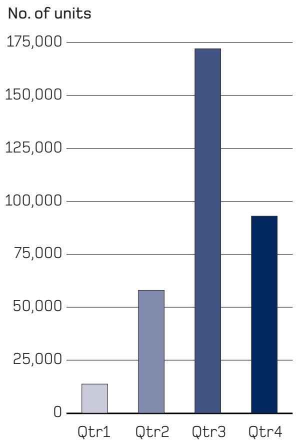
TURNOVER VELOCITY IN EQUITY TRADING ON STOCKHOLMSBÖRSEN



XACT PART OF OM

Assets under management grew steadily during the year.

AVERAGE NUMBER OF XACT^OMX UNITS TRADED PER DAY, 2001



XACT^OMX, the Nordic region's first exchange-traded fund introduced by OM at the end of 2000, has been received positively by the market. Capital under management in XACT Fonder, which manages XACT^OMX, grew dramatically during the year, and at the year-end was in excess of SEK 1.8 billion. This increase in managed capital is largely attributable to the growing interest from institutional investors.

XACT^OMX is an exchange-traded index fund that tracks the OMX index exactly. In other words, an instrument that provides both professional and retail investors with highly cost-effective access to a fund comprising the most heavily traded equities on Stockholmsbörsen. The fund units are traded in the same way as equities, giving access to real-time prices and a liquid market.

XACT Fonder's extended co-operation with OM's subsidiary Lendtech has created more opportunities for offering integrated solutions where index management can also be combined with stock lending. With effect from January 1, 2002 Lendtech has been part of XACT AB.

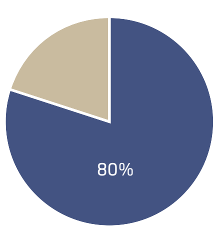
The XACT business idea evolved throughout the year from the management of exchange traded funds, to also include other types of index management.

As 2002 gets underway there are plans to list additional funds based on both European and American indices. During the course of 2002, XACT also anticipates new external customers within the area of index management. The first customer within this area is Quesada, for which XACT is responsible for all index management.

UKPX PART OF OM
THE UK POWER EXCHANGE

UKPX is one of the world's most sophisticated electricity exchanges.

UKPX – MARKET SHARE 2001



In 2000 OM launched UKPX – the United Kingdom's first electricity exchange. UKPX is today the United Kingdom's leading electricity exchange and one of the world's most sophisticated energy exchanges.

In March 2001 the UKPX introduced spot trading in electricity, thus complementing the trade in futures that enable members to trade contracts with an expiration time of up to two years. The introduction has been highly successful and UKPX had 45 members at the year-end.

To facilitate round-the-clock integrated trading and clearing, UKPX has implemented OM's PowerCLICK™ and PowerSECUR™ systems platforms.

In October, UKPX signed an agreement with Spectron, one of the United Kingdom's leading energy brokers, for the supply of clearing services for OTC trading. Initially the agreement covers clearing of energy and gas contracts on behalf of Spectron. The intention is for other participants in the OTC market to join and that additional energy products can also be cleared. Possibilities exist to extend operations to include markets in other parts of Europe.

In 2001 UKPX had over 80 percent of the UK's market in exchange traded electricity contracts. Other exchanges offering trading in electricity contracts are Automated Power Exchange and International Petroleum Exchange.

UKPX is currently the United Kingdom's only integrated electricity exchange to offer trading and clearing in both spot and futures contracts.

NGX is the largest electronic marketplace of its kind in North America and has 85 members. NGX in Calgary, Canada, is an exchange for trading and clearing of natural gas contracts. NGX was part owned by OM until the end of 2000 when OM acquired the remaining 49 percent of the company.

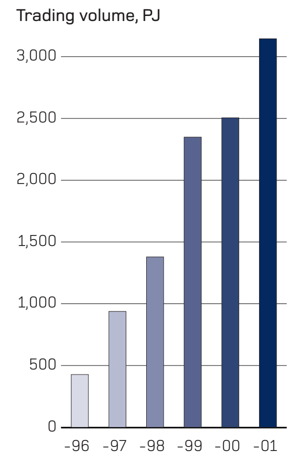
Trading volumes on NGX have grown rapidly during recent years. In 2001 volumes traded on NGX increased by over 20 percent, measured in Pega Joule (PJ) and the number of transactions increased by more than 15 percent. During the year NGX launched a number of new products and services. The most significant of these was the introduction of derivative products in November. In conjunction with this, NGX became North America's first electronic exchange to offer central counterparty clearing in natural gas contracts.

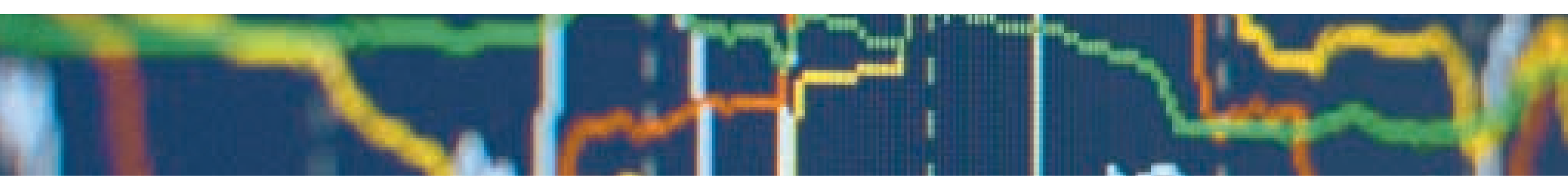
The number of participants competing with NGX decreased during 2001. Those marketplaces that remain are often owned by market participants. One of the main competitive advantages is that NGX is an independent marketplace with central counterparty clearing. This significantly reduces the counterparty risk of trading, at the same time as buyers and sellers can trade anonymously. At this point in time no other competitor can offer such a service.

The market for natural gas was characterized during the year by increased liquidity and heightened interest from traditional market participants. Many factors suggest that market growth will continue. The Canadian electricity market is at the forefront of development in terms of deregulation with Ontario, Canada's most heavily populated province, as the frontrunner. NGX intends to introduce products and services for this market during the first part of 2002.

Natural Gas Exchange (NGX) is the largest marketplace of its kind in North America.

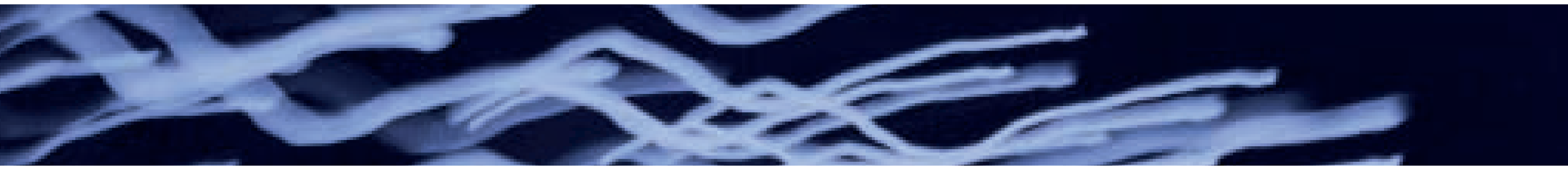
TRADING DEVELOPMENT ON NGX – 1996–2001





CHAPTER THREE: ORGANIZATION AND COMPETENCE

"OM is a leading knowledge-based company"



A dynamic organization

The new organization increases the focus on customer-oriented solutions.

OM is a knowledge-based company. OM's vision, to be the world's leading provider of transaction technology, places very high demands on the company's employees. In the fast-changing markets where OM operates, a dynamic organization is vital for success.

OM's corporate culture is characterized, to a great extent, by an entrepreneurial spirit and a desire to lead and drive development. OM has been successful in rapidly adapting both its organization and competence to market trends.

The rapid change in OM's environment also places extensive requirements on the management of OM's knowledge capital, which can be divided into individual capital and structural capital. Structural capital, i.e. the knowledge that belongs to the organization but is not linked to individual OM employees, has a high value. The structural capital comprises primarily those systems solutions that OM has developed over the years. OM is constantly working to safeguard its structural capital, with the establishment of process structures and improvements to technical documentation as examples of this.

Target-based financial management

OM attaches great importance to financial management, with shareholder value as its ultimate objective. Each business area and business unit works towards clear, quantifiable targets, which are in turn broken down into group and individual levels in order to focus the entire organization towards the overall commercial objectives.

The global employee stock options program, first introduced in 2000, is part of a comprehensive incentive structure adopted by OM. The stock options program accounts for all OM employees. The aim is both to increase the attraction of OM as employer as well as to increase employee focus on shareholder value related to growth and profitability. The options are made available to the holder successively over a three-year period, with one third each year. An option corresponds to one share and has a lifetime of seven years. In total 2.5 million employee stock options were issued during 2000 and 2001. For more information, see page 60.

New organization

On January 1, 2002 a new, flatter organizational structure came into effect. The new organization aimed at further increasing the focus on customer-oriented solutions, as well as bringing Stockholmsbörsen to the fore. The organization is forward-looking and will create the prerequisites for OM's continued growth and development.

In brief, the reorganization means that OM is divided into five business areas: Broker Services, Energy Market Solutions, Financial Market Solutions, Global Services and Stockholmsbörsen. The first four business areas report to OM's Chief Operating Officer (COO), while Stockholmsbörsen remains as a separate entity reporting directly to OM's CEO.

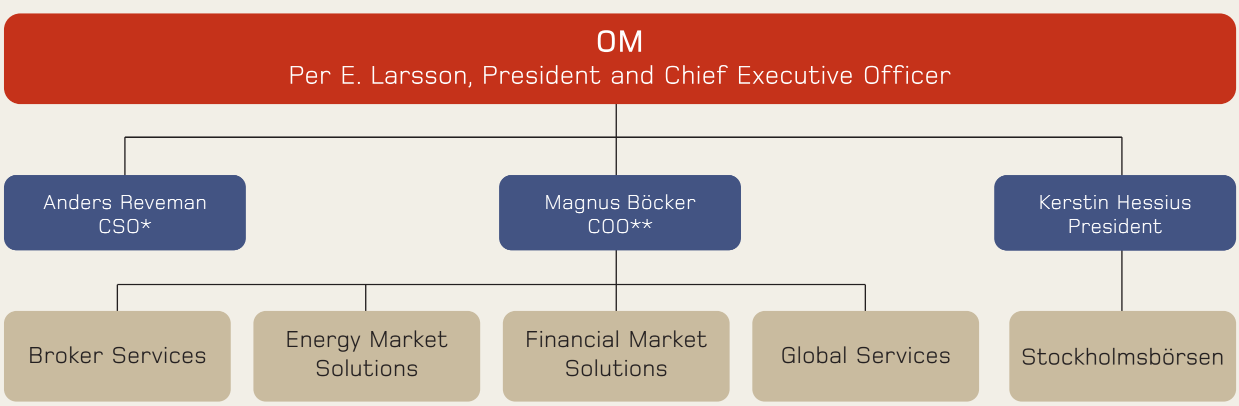
Aside from the operational changes, staff functions supporting the operations have also been reorganized and streamlined. Each staff function now supports the whole of OM and not, as before, parts thereof. This reinforces OM's focus on customer-oriented solutions. One example is the company's sales and marketing resources, which have been consolidated and realigned to support all technology operations.

Efficiency program

In 2001 OM implemented an efficiency program aimed at adapting the organization to market developments. The program, which contained a comprehensive analysis of the utilization of competence and resources within the group, highlighted the way in which the organization could be run more efficiently through such measures as reducing work duplication and improving capacity utilization.

Organization 2001

Organization 2002



* Chief Strategy Officer. ** Chief Operating Officer.

Core competence – the foundation of OM's development

Competence development on a global level.

OM's corporate culture is characterized by the desire to develop and create value. The corporate culture can be communicated in terms of OM's core values – **Pioneer, Achiever, Attitude** – where entrepreneurial spirit, challenges, performance and commitment are crucial factors.

The financial values created by OM build on the ability to transform the organization's knowledge into practical solutions thereby creating customer value. The basis for OM's operations is the use of transaction technology to create the prerequisites for efficient and profitable trading.

OM's operations are constantly evolving. One clear example of how it has evolved over recent years is that 80 percent of the employees are currently employed in OM's technology operations, compared with 37 percent in 1997. Five years ago OM was perceived as an exchange that also developed systems solutions – today OM is a leading provider of transaction technology that also owns exchanges.

New thought processes create commercial opportunities

The greatest financial values are founded on a strong idea capital. Whoever can continuously present the most innovative and advanced solutions will be able to assume, and maintain, a vanguard position in the marketplace. At OM, commercial and technical developments have always gone hand in hand: creative idea processes and an entrepreneurial approach are strong driving forces. During recent decades OM has delivered a great number of pioneering solutions.

OM was the first exchange to be listed on a stock exchange and since its inception in 1984 it has been a pioneer in a number of other areas through, for example developing the world's first electronic derivatives exchange and being the world's first exchange to offer both integrated and OTC clearing. OM was also first to professionally develop and sell electronic exchange systems. Today, OM has a market leading position and OM's systems solutions set the standards on an increasing number of the world's markets.

OM is also an early adopter of new products. One such example is the introduction of standardized options and futures in Northern Europe and the introduction of the Nordic region's first exchange traded index fund. With a for-profit approach to its exchange operations, OM is also a forerunner when it comes to market communication with financial services users, demonstrated for example in the way OM has been marketing derivative instruments to a broad audience.

Competence development

In an environment where developments are rapid and new business opportunities present themselves continuously, knowledge management is of critical importance.

The core competence in transaction technology is OM's main competitive strength and constitutes the backbone of OM's entire operations. Developing knowledge is crucial and is as a natural part of OM's competence development, closely linked to OM's business objectives and strategic development. Its significance has increased at the same rate as OM is developing as a knowledge-based company.

OM uses a Competence Management program to develop knowledge and expertise within the company. Work is carried out on a global level and covers most of the technology operations. At the year-end more than 700 employees were participating in the program. The Competence Management program is aimed at identifying and defining competence requirements and needs, which are subsequently matched with those targets that have been set at unit, group and individual levels.

Personal development plans

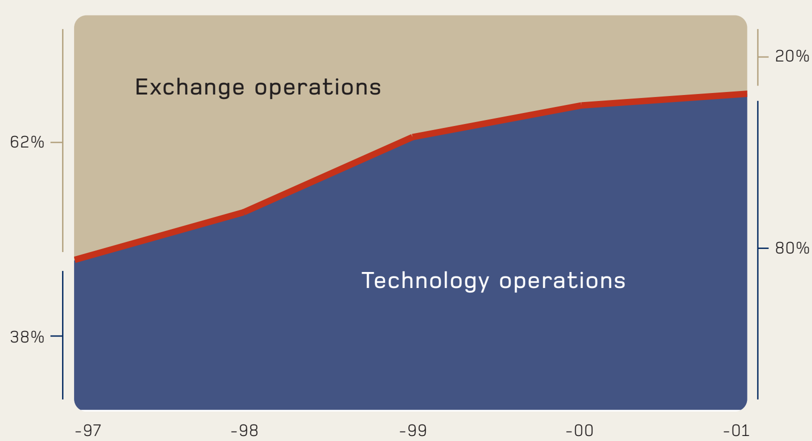
With competence requirements as a starting point, development plans can be created at an individual level. Covering the majority of operations, the Competence Management program provides the prerequisites for a common global structure. The process is ongoing throughout the year and closely linked to the creation of business plans. Employee target profiles are reviewed a number of times a year to ensure that they keep pace with the rapid development.

The Competence Management program reinforces OM's operations in a number of ways. For example, it becomes easier to identify key competence, at the same time as it clarifies the distribution of roles between the business areas, units, groups and individuals.

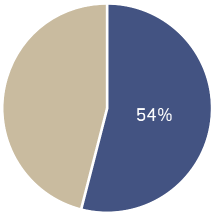
Mapping out organizational competence

The Competence Management program contributes to charting competence within the organization. At the same time, the link between the organizational targets and those of the individual is clarified. Career and development opportunities become clearer

Proportion of employees within OM's different areas of operation



EMPLOYEE-RELATED EXPENSES IN RELATION TO TOTAL EXPENSES



for the individual at the same time as the foundation is laid for personal development.

At a managerial level the Competence Management program contributes to simplified planning and, in the longer term, to targets being met and exceeded. The improved overview of employee competence facilitates both the creation of projects and project teams.

At a group and business level the Competence Management program creates totally new prerequisites for the evaluation and management of OM's competence supply. Systematically charting competence is of great assistance in the recruitment process as it becomes much easier to define requirement profiles.

Throughout 2002 Competence Management work will become more intense. The aim is to synchronize the program throughout the organization.

An attractive employer

OM is one of the most attractive employers in the market. The company's corporate culture being professional, open and dynamic. Responsibility and freedom come together at OM. The freedom to take initiatives is a strong driving force and contributes to the creation of a positive and stimulating working environment. At the same time OM's operations also place exceedingly high demands on its employees.

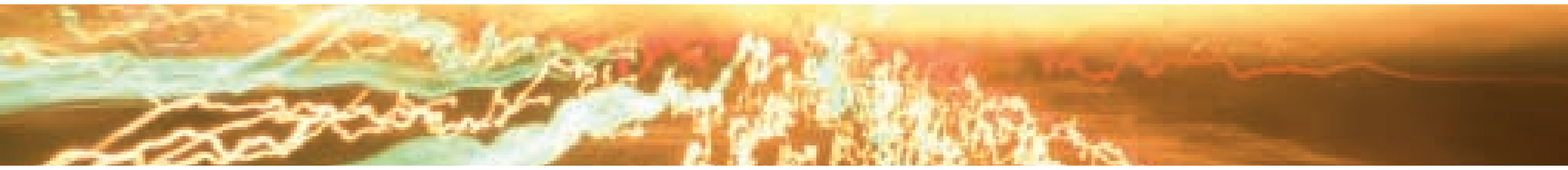
The ability to recruit and retain the right employees is becoming increasingly important for OM. OM's development as a knowledge-based company is reflected in part by the fact that the proportion of employee-related expenses in relation to overall expenses was 54 percent during 2001, compared to 44 percent in 1996.

OM has been successful in attracting first-rate employees, recruitment branding is highly prioritized. OM has also been successful in maintaining employee turnover at a low level, despite tough competition.

OM's managers are responsible for ensuring the flow of competence within their own areas. The ability of managers to motivate and develop their personnel is thus of critical importance. For this reason regular efforts are made to strengthen OM's managerial competence. One example of how OM is working to strengthen its organizational competence is Stockholmsbörsen's management development program.

Equal opportunities policy

OM has pronounced its ambition to ensure that the organization provides equal opportunities and that it is also multi-cultural. In order to ensure that this is an integral part of OM's operations, a special equal opportunities committee has been established headed by the CEO. The committee's work is aimed at continuously developing OM's equal opportunity plans as well as reviewing and promoting this on a global level. An organi-



zation based on equal opportunities contributes to a working environment that is characterized by creativity, productivity and well-being; qualities that are crucial for OM's future development.

Proactive recruitment policy

Since 1998 OM runs an employee introduction program. The program, which spans five months, aims at effectively initiating new technology and systems graduates within the operational areas of testing and systems development. Through this program the participants receive broad, in-depth knowledge of OM's operations.

During the year 574 (697) new recruits joined OM, while 369 (259) left the group. Of these new recruits most were employed within OM's technology operations of which just under one hundred joined the group's development operations and almost as many joined operations and support. Functions for sales, project management, human resources, finance and management were also strengthened during the year.

A global operation

At the year-end OM had employees in 10 (11) countries. The number of employees at the end of 2001* was 1,583 (1,354) of which 293 (226) were employed within exchange operations, 1,170 (774) within technology operations and 120 (120) in the parent company. In addition 193 (237) consultants were employed on long-term contracts within the group.

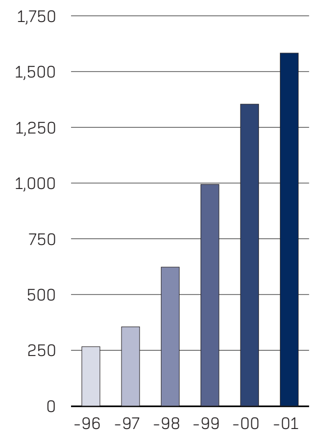
The proportion of employees outside Sweden in 2001 was 30 (36) percent, or 474 (482) people. At the year-end OM had operations in Sweden, Denmark, Norway, the USA, Canada, the UK, Germany, China, Italy and Australia. In four of these countries OM also runs its own development operations – Sweden, Norway, the UK and the USA. The proportion of female employees was 34 (35) percent during the year.

Active stress prevention

In order to prevent the build-up of negative stress and burn-out among employees, OM initiated a project in collaboration with the Karolinska Institutet in Stockholm in 2000. The project provides OM with access to expertise within the field of applied research into stress and thereby the opportunity to work on preventative measures. The focus is on the individual employee being able to recognize and handle stress as well as influence his or her own working environment.

* As of 30 September Jiway's operations were divided into two parts whereby 137 people belong to OM's technology operations and 45 to the exchange operations.

NUMBER OF EMPLOYEES

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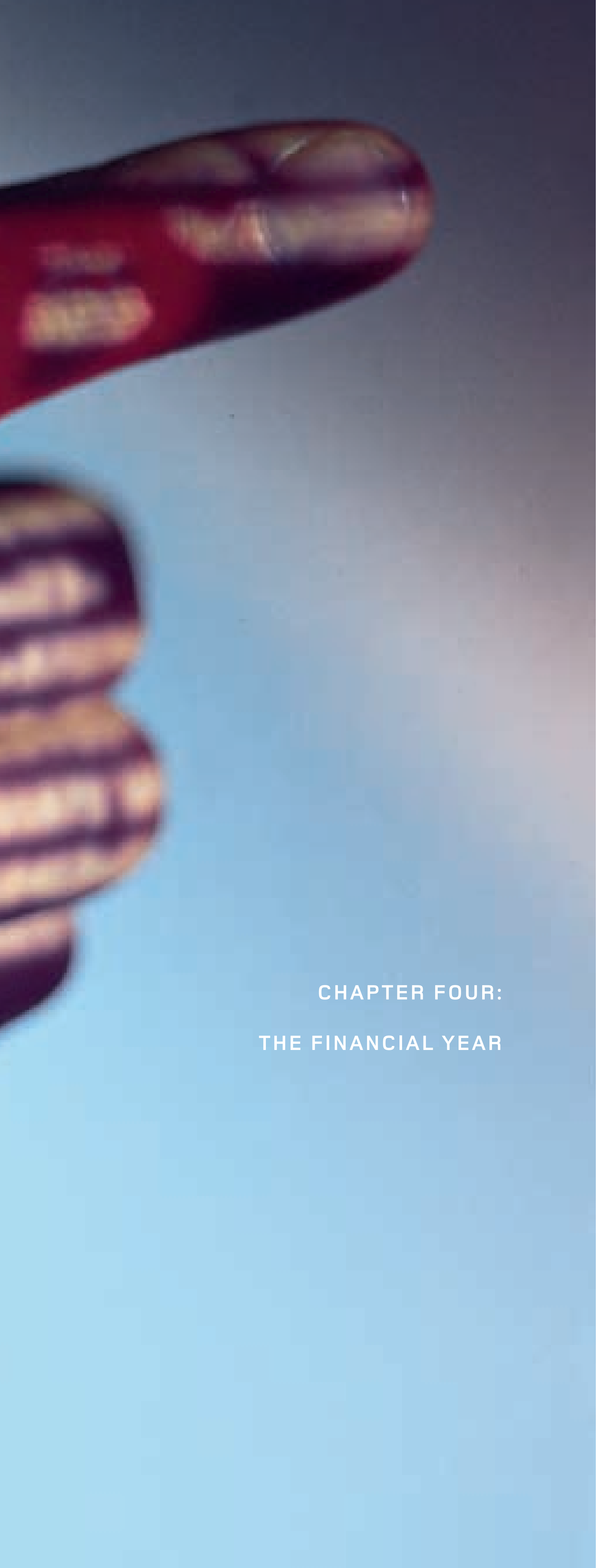


CHAPTER FOUR:

THE FINANCIAL YEAR

”The average annual total return of the OM share has been 19 percent during the past five years”

The OM share

On average, 165,825 OM shares were traded per day in 2001.

During 2001 the OM share price fell 41 percent, compared with the OMX index which, during the same period, fell by 20 percent. The year's high was on January 15 when the OM share closed at SEK 280, corresponding to a market capitalization of around SEK 24 billion. The year's low was on September 27 when the share closed at SEK 65. At year-end the OM share closed at SEK 138, equivalent to a market capitalization of approximately SEK 11.6 billion.

The average total annual return (price change and reinvested dividend) for the OM share during the past five years, amounted to 19 percent. The corresponding increase in the Stockholmsbörsen Benchmark (SBX) Return index, was 14 percent during the same period. The OM share is listed on the Stockholmsbörsen's A list, under the "most traded shares" sector.

OM share capital and number of shares

OM made changes to its share capital during 2001. At the year-end 2001 share capital totaled SEK 168 m, distributed between 84,040,118 shares each with a par value of SEK 2. Convertible debentures (issued in 1998) equivalent to 1,500 shares were converted during the year. Outstanding debentures, equivalent to 341,400 shares at the year-end, allow for the conversion of OM shares during the period up to May 2004. Outstanding warrants, issued in 1998, corresponding to 447,300 shares allow for the subscription to OM shares up to May 2004. During the year 4,000 warrants were used to subscribe to OM shares. Upon full conversion and full utilization of these warrants 778,700 shares will be introduced. This would mean a total of 84,818,818 OM shares, equivalent to a dilution effect of just under 1 percent.

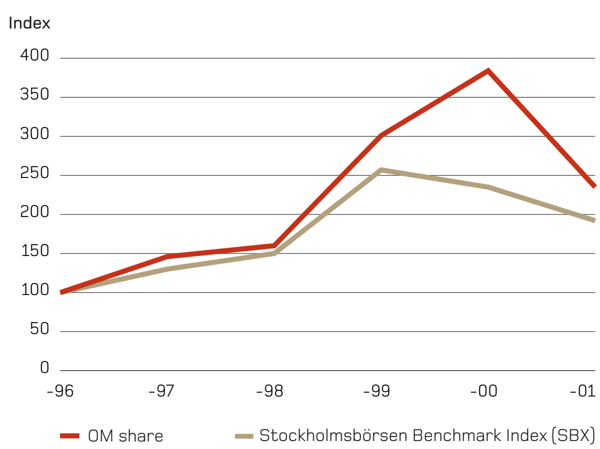
OM share turnover

In total 41 (46) million OM shares were traded during the year, including transactions post-reported (off-exchange). On average 165,825 shares per day were traded, a fall of 9 percent compared to 2000. Turnover was highest in January when a total of 3.2 million shares were traded.

OM share price volatility

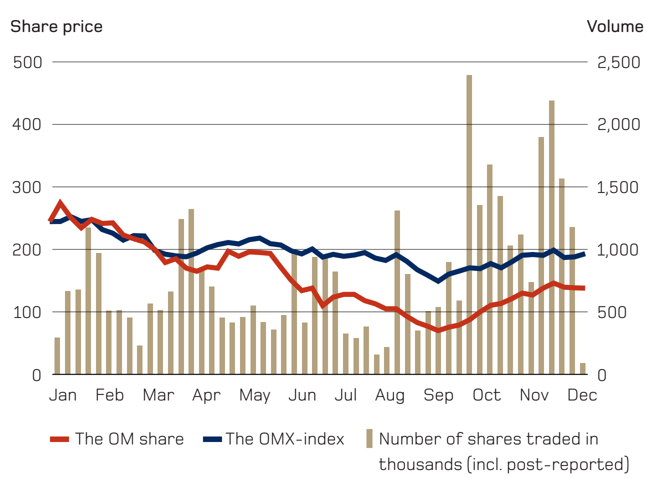
The beta coefficient is a measure of risk that demonstrates a share's sensitivity to market fluctuations compared to the stock market as a whole during a particular period. If the beta value is greater than 1 it means that the

TOTAL RETURN 1996–2001



Index 100 as of December 31, 1996

SHARE PRICE PERFORMANCE 2001



share price varies more than the market average. A value of less than 1 means that the share is less sensitive than the market as a whole. Stockholmsbörsen's calculations for the beta coefficient for the OM share over a rolling 60-month period is 1.54, measured against OMX. This means that the OM share price varied 54 percent more than the index during the measurement period.

Volatility is another measure of risk that demonstrates the extent of share price fluctuations over a certain period. Volatility is expressed as a percentage and measured using the standard deviation of a share's price change. The volatility of the OM share as at December 28 2001 was 64 percent compared to 76 percent at the end of 2000.

Number of shareholders

The number of shareholders at the year-end totaled 16,164 (16,127). Swedish institutional ownership increased during the year and at year-end 2001, 52 (51) percent of OM's share capital was held by Swedish institutions.

Foreign ownership fell during the year. At the year-end the proportion of foreign ownership was 19.8 (24.2) percent. At the same time total foreign ownership on Stockholmsbörsen was 35 percent of the total market capitalization of all listed companies.

Dividend policy

OM's Board of Directors aims to ensure that dividends are paid in line with the company's earnings trend and long-term capital requirements. For 2001 the Board has proposed a dividend of SEK 1 per share which, calculated on the share price at the year-end, corresponds to a direct yield of 0.7 percent.

Dividend payment

If the Annual General Meeting votes in favor of the Board's proposal, it is estimated that the dividend will be issued by the Swedish Central Securities Depository, VPC, on March 28, 2002.

BROKERAGE FIRMS THAT ANALYZED THE OM SHARE DURING 2001

- ABN Amro Alfred Berg
- BNP Paribas
- CAI Cheuvreux Nordic
- Cazenove & Co
- D. Carnegie
- Deutsche Bank
- Enskilda Securities
- HSBC
- Nordea Securities
- Remium Securities
- UBS Warburg
- Öhman Fondkommission

PRICE RELATED DATA	1997	1998	1999	2000	2001
Share price at year-end, SEK	96	102	185	233	138
Share price/Shareholders' equity per share	4.2	3.1	5.6	6.7	5.1
Direct yield, %	4.2	4.4	2.7	2.6	0.7
Earnings multiplier, P/E-ratio, at year-end	20	23	35	27	-
Beta (60-month) at year-end, last paid	1.19	0.84	1.03	1.51	1.54
Volatility at year-end, %	32	46	44	76	64
Average number of OM shares traded per day, 000s	94	139	154	182	166
Average value of OM shares traded per day, SEK 000s	7,538	18,459	17,071	67,568	24,414

KEY FIGURES PER SHARE, SEK	1997	1998	1999	2000	2001
Earnings	4.48	4.55	5.30	8.69	–0.30
Dividend as percent thereof (proposed)	89	99	94	69	-
Earnings after full conversion	4.48	4.50	5.23	8.61	–0.30
Dividend (proposed)	4.00	4.50	5.00	6.00	(1.00)
Dividend, annual change, %	33	13	11	20	–83
Shareholders' equity	23	33	34	36	27
Shareholders' equity after full conversion	23	33	33	35	27
Number of shares (000s)	70,680	83,743	83,743	84,035	84,040
Number of new shares after full conversion (000s)	84	1,075	1,075	784	779

PRINCIPAL OWNERS 31-12-2001	Share capital	Number of shares and votes, %
Investor AB	14,350,507	17.1
Swedish State	7,993,466	9.5
Robur Fonder	4,049,200	4.8
FöreningsSparbanken	3,725,423	4.4
AMF Pension	3,610,000	4.3
Olof Stenhammar & companies	3,538,770	4.2
Svenska Handelsbanken	2,840,753	3.4
Nordea	2,838,021	3.4
Capital Group	2,328,600	2.8
SEB Fonder	2,263,743	2.7
Other foreign owners	14,327,162	17.0
Other Swedish owners	22,174,473	26.4
Total number of shares	**84,040,118**	**100**

Source: SIS Ägarservice

DISTRIBUTION OF OM SHARES HELD

Number of shares	Number of shareholders	Percent of shareholders	Number of shares	Percent of share capital and votes
1–1,000	14,263	88.2	3,489,516	4
1,001–10,000	1,634	10.1	4,681,608	6
10,001–100,000	194	1.2	5,896,750	7
100,001–1,000,000	59	0.4	16,970,720	20
1,000,001–	14	0.1	53,001,524	63
Total	**16,164**	**100**	**84,040,118**	**100.0**

Board of Directors' Report

The Board of Directors and President of OM AB (publ), corporate identification number 556243-8001, hereby submit the annual report and consolidated financial statements for 2001.

OM develops, operates and maintains technology solutions for companies operating in the financial, energy and commodities markets as well as owns and operates exchanges and clearing houses. During 2001 OM was divided into three divisions: Division Technology, Division Transaction, and Jiway.

SIGNIFICANT EVENTS WITHIN THE GROUP

A year of weak markets and restructuring

For OM, 2001 was characterized by continued growth within its technology operations, heavy non-recurring expenses related to the restructuring of Jiway as well as the cost-efficiency program. OM was affected early on in the recession and market conditions in many of the markets on which OM operates became weaker during the year. Developments were mixed within OM's exchange operations; equity trading turnover fell, at the same time as there was an increase in the number of derivatives contracts traded. However, throughout the year OM continued to gain market shares for both its technology and its exchange operations.

Earnings development in 2001

Group revenue fell by 3 percent during the year to SEK 3,072 m (3,152 in 2000). However, excluding gains from the sale of shares in Orc Software of SEK 95 m (250), group revenue increased by 3 percent. Revenue from the technology operations rose sharply during the year. Trading revenue from OM's exchange operations fell, largely as a result of lower market values and a reduction in fees charged by Stockholmsbörsen.

OM's operating income 2001 totaled SEK –453 m (703). Excluding items affecting comparability operating income totaled SEK 28 m (698). Including restructuring costs, Jiway had an SEK –832 m (–282) impact on OMs operating income for the year.

The increase in group expenses during the year to SEK 3,525 m (2,449) was primarily due to the continued operational growth within Division Technology as well as the items affecting comparability. These items totaled SEK –481 m (5) of which SEK 408 m was attributable to the restructuring of Jiway and SEK 73 m related to expenses incurred by the cost-efficiency program initiated by OM during the summer. The cost-efficiency program was estimated to result in a decrease in OM's annual operating expenses of at least SEK 150 m (calculation based on operating levels during the second quarter 2001), with the full effect expected during the first quarter 2002. Expensed investments in Research and Development (R&D) amounted to SEK 289 m (287) for the year. The restructuring of Jiway and the effects of the group's cost-efficiency program led to a reduction in group expenses during the fourth quarter of the year.

Financial items totaled SEK –16 m (40), the change attributable to an increased level of borrowing. The year's tax revenue, totaling SEK 233 m (–127), was primarily gained through positive taxation effects from the restructuring of Jiway. Including restructuring expenses, the total impact of Jiway on the year's income after tax was SEK –348 m. The year's income after tax was SEK –25 m (730).

SIGNIFICANT EVENTS WITHIN DIVISION TECHNOLOGY

Continued operational growth

Growth continued within OM's technology operations during 2001 with OM expanding its share of the market. Year-on-year revenue in Division Technology increased by 30 (90) percent, from SEK 1,523 m to SEK 1,986 m. Excluding the sale of shares in Orc Software, the Division's revenue rose by 49 (55) percent.

By the year-end the value of Division Technology's orders amounted to SEK 3,599 m (3,008) of which orders valued at SEK 1,220 m (1,014) are due for delivery in 2002. Orders relating to OM's exchanges amounting to SEK 957 m (784) are included in the order value. The Division's income before depreciation totaled SEK 323 m (445). The

REVENUE AND INCOME, GROUP

QUARTERLY EARNINGS

SEK m	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total 2001	Total 2000	Total 1999
Revenue	785	806	648	833	3,072	3,152	1,954
Operating expenses	– 770	– 856	– 1,223	-676	– 3,525	– 2,449	– 1,431
Operating income	15	– 50	– 575	157	– 453	703	523
Income after financial items	25	– 61	– 577	144	– 469	743	603
Income after tax	61	0	– 193	107	– 25	730	444
Earnings per share	0.72	0.00	– 2.28	1.26	-0.30	8.61	5.23

REVENUE AND INCOME PER DIVISION

REVENUE PER DIVISION*

Amounts in SEK m	2001	2000	1999
Division Technology	1,986	1,523	802
Division Transaction	1,260	1,699	1,335
Jiway**	132	50	-
Parent Company	165	291	94
Group eliminations***	– 471	– 411	– 77
Total	**3,072**	**3,152**	**1,954**

INCOME BEFORE DEPRECIATION PER DIVISION

Amounts in SEK m	2001	2000	1999
Division Technology	323	445	123
Division Transaction	517	954	675
Jiway**	– 307	– 274	-
Parent Company	– 146	– 198	– 106
Items affecting comparability	– 257	5	-
Total	**130**	**932**	**692**

DEPRECIATION PER DIVISION

Amounts in SEK m	2001		2000		1999	
	Total deprec.	Of which goodwill	Total deprec.	Of which goodwill	Total deprec.	Of which goodwill
Division Technology	122	49	95	41	69	33
Division Transaction	100	70	81	55	79	50
Jiway**	71	0	8	0	-	-
Parent Company	66	-	45	2	21	2
Write-downs	224	-	0	0	0	0
Total	**583**	**119**	**229**	**98**	**169**	**85**

* During the reporting period OM has had three divisions: Division Technology, Division Transaction and Jiway. Revenue in Division Technology is primarily technology and systems related revenue as well as revenue from facility management services. Revenue from Division Transaction is mainly trading and clearing revenue, issuers' revenue and information sales revenue. Jiway's revenue comes mainly from facility management services as well as trading revenue. Parent Company expenses for 2000 included costs related to synthetic options of SEK 30 m.

** With effect from Quarter 4 Jiway has ceased to be a separate division and, separated into its different operations, now forms part of Division Transaction and Division Technology respectively.

*** Internal sales are at cost price. Most internal sales are from Division Technology to OM's exchanges. Of Parent Company revenue SEK 2 m (2) relates to internal sales.

operating margin, excluding the sale of shares in Orc Software as well as internal sales and depreciation, was 15 (20) percent during the reporting period. Internal sales to OM's exchanges totaled SEK 401 m (301).

Division Technology was divided into three business areas during 2001: Financial Market Systems, Securities Systems and Energy Systems. The Division's lower operating margin compared to 2000 was largely due to increased operational growth as well as losses within Securities Systems, the business area that develops systems for banks and brokerage firms. As part of OM's comprehensive efficiency program the workforce was cut by 60 people within the Securities Systems and Energy Systems business areas in addition to which OM has introduced a new organization with effect from January 2002.

Expensed investments in R&D within the Division amounted to SEK 262 m (200), representing 13 (13) percent of gross turnover.

New major orders for Division Technology during the year

Throughout the year OM continued to expand its areas of co-operation with its customers. OM announced a number of major orders during the year.

In January an announcement was made that American Stock Exchange (AMEX), USA's second largest options exchange, had purchased both OM's SAXESS™ and CLICK™ exchange systems at an order value totaling SEK 300 m, the major part of which was included in OM's total order for 2000. AMEX intends to use each of these platforms as the central trading system for its options and equity trading.

In March it was announced that Hong Kong Exchanges, one of Asia's largest exchange organizations, had chosen OM's SECUR™ clearing system. The order was valued at around SEK 120 m.

In May, Borsa Italiana signed an agreement with OM for the delivery of the CLICK™ exchange system at an order value of over SEK 115 m.

In July ABN AMRO signed an agreement with OM for the delivery of the One World™ Settlement System for running the back-office section of its equity trading operations in Australia. The order value was calculated at SEK 30 m.

In September the Minneapolis Grain Exchange signed an agreement with OM for the delivery of the CLICK™ exchange system at an order value of SEK 60 m. For OM this order is the first of a new type of contract where OM manages the systems operation for a platform to be shared by a number of exchanges.

In January 2002, after the end of the reporting period, it was announced that NASD and OM had signed an agreement for the delivery of OM's SAXESS™ exchange system. The order is included in OM's total year-end order value.

Also in January 2002, OM announced that it would be extending the scope of its co-operation with the Australian SFE. The project, which was initiated in the fall of 2001, means that OM will develop a new system for settlement & custody – a Central Security Depository system – for the SFE. OM will also manage the operation of this and, for a period of time, will also operate the SFE's existing system. The order value of SEK 280 m, including facility management, is included in OM's total year-end order value. The new system being developed will be marketed globally by OM under the product name EXIGO CSD™.

Other significant events within Division Technology

From March 2001 OM VPS, formerly part of the Parent Company, became part of Division Technology. With effect from the fourth quarter Jiway's former back-office-for-hire business, Jiway Broker Services (JBS), has been included in Division Technology. Sales within JBS during the fourth quarter totaled SEK 34 m (28) and operating income amounted to SEK –26 m (–43). Both JBS and OM VPS have been part of the business area Securities Systems. In April OM acquired the remaining minority share in OM Technology Energy Systems AS.

A new office was established in Hong Kong during the year.

On October 25 OM sold 1.0 million shares in Orc Software. The sale, which generated a gain of around SEK 95 m, meant that OM reduced its ownership in Orc Software from 40 to 34 percent. OM owns 5.0 million shares in Orc Software, which at the year-end corresponded to a market value of SEK 733 m. In January it was also announced that, to support its facility management services, OM had acquired the operations and employees of Hostmark, a company with the business concept of operating and hosting business-critical systems via an Internet Data Central (IDC) in Stockholm.

SIGNIFICANT EVENTS WITHIN DIVISION TRANSACTION

Fee reductions and weak markets

Revenue generated by Division Transaction totaled SEK 1,260 m (1,699) during 2001. This fall in revenue compared with 2000 was due largely to lower market values and lower equity trading activity as well as fee reductions for equity derivatives trading. Income before depreciation in the Division amounted to SEK 517 m (954). Expensed investments in R&D amounted to SEK 27 m (87).

In 2001 Division Transaction contained Stockholmsbörsen, OM Fixed Income Exchange, OM London Exchange, XACT Fonder, Lendtech, Natural Gas Exchange (NGX), UK Power Exchange (UKPX), Pulpex and OM Environment Exchange.

Developments on Stockholmsbörsen

Trading activity on Stockholmsbörsen was mixed during the year. Share prices and equity trading activity fell at the same time as derivatives trading reached record high levels.

Compared to the previous year average daily equity trading turnover during 2001 fell 10 percent to SEK 16.0 billion (17.8) per day. Despite the recessionary climate during the year equity trading levels were still more than 50 percent higher in 2001 than in 1999. In 2001 the average number of trades executed per day was 42,512 (54,835). The turnover velocity in equity trading was on average 134 (107) percent, the highest rate in the history of the exchange. At the year-end Stockholmsbörsen had 153 (142) members.

In February Stockholmsbörsen introduced lower fees for trading and clearing of equity related derivative contracts. These lower fees, of on average 40 percent, contributed to the record-high turnover levels in derivatives trading on Stockholmsbörsen during the year. During the year the number of derivatives contracts traded on a daily basis on Stockholmsbörsen rose by 17 percent to 250, 943 (214,882).

In November it was announced that a new price list for issuer services would come into effect on Stockholmsbörsen on January 1, 2002. The change means that the fees for those listed companies on the exchange's A and O lists will become uniform, the minimum fee has been increased while the maximum fee and the ongoing issuer fee has been lowered.

In February, Stockholmsbörsen extended its trading hours to 20.00 hrs CET. However, on October 15 the exchange reverted to closing trading at 17.30 hrs CET.

The exchange operations of Jiway (formerly Jiway Limited) became part of Stockholmsbörsen's subsidiary OM London Exchange, with effect from October 1, 2001.

Other significant events within Division Transaction

Trading in XACT$^{\mathrm{OMX}}$, OM's exchange traded fund, increased steadily during the course of the year. During the fourth quarter an average of 93,000 XACT$^{\mathrm{OMX}}$ units were traded every day, compared with 13,700 units per day during the first quarter of the year. At the same time the capital under management in XACT increased to SEK 1,839 m from SEK 142 m. OM Fixed Income Exchange, which with effect from January 2002 is part of Stockholmsbörsen, launched electronic trading in Swedish Government bonds during the year. Since it started in May this electronic trading has represented around 50 percent of the total Interbank trade in Government bonds.

Since January 1, 2001 OM has owned 100 percent (previously 51 percent) of the Natural Gas Exchange (NGX) in Alberta, Canada. During 2001 trading on NGX increased by 20 percent, while revenue increased by 41 percent to SEK 59 m (42) year-on-year.

Since the introduction of spot trading in March, the UK Power Exchange (UKPX), where operations are in a build-up phase, has become the leading electricity exchange in the United Kingdom. At the year-end the exchange had 45 members. During 2002 the UKPX also plans to introduce OTC clearing for electricity contracts.

During 2000 the Swedish tax authority

consented to a request made by Stockholm's Fondbörs AB and Stockholmsbörsen AB for the reassessment of VAT paid during the period 1993 up to and including February 2000 relating to trading on the exchanges. In view of this certain members have demanded that the VAT they paid to the exchanges for the services in question, including interest, should be refunded to them. The exchanges have rejected these demands as in the exchanges' opinion no basis exists for any refunds to be made.

At the end of the year OM sold its interests in Pulpex and OM Environment Exchange.

SIGNIFICANT EVENTS WITHIN JIWAY

Due to considerably weakened market conditions Jiway did not develop as planned since its start-up in November 2000. Consequently, during the fourth quarter 2001 Jiway was restructured in order to enable it to continue operating with a substantially reduced cost base.

In order to integrate Jiway with OM's operations, with effect from October 1, 2001, OM took over Morgan Stanley's 40 percent stake in Jiway. From that date Jiway's exchange operations have been included in Division Transaction, while JBS, Jiway's facility management business for settlement and back-office services, has been included in Division Technology.

The negative impact on OM's operating income of operating Jiway's exchange business following the restructure, calculated from the revenue level in September 2001, will amount to a maximum of SEK 20 m per quarter (with effect from the first quarter 2002). JBS is expected to report positive operating income during the second quarter 2002. The restructuring of Jiway has had a non-recurring effect on OM's consolidated income statement and balance sheet in 2001. (See page 42)

Jiway's revenue during the first nine months of the year totaled SEK 132 m (22). Jiway's revenue during the fourth quarter totaled SEK 35 m, of which the majority related to JBS. Jiway's group income before depreciation during the first nine months of the year was SEK –307 m (–154). During the fourth quarter 2001 the negative impact on OM's operating income for running Jiway was SEK 46 m, of which SEK 26 m has been charged to Division Technology and SEK 20 m has been charged to Division Transaction.

At the end of the year Jiway had signed up 21 client companies and was offering integrated trading, clearing and settlement in more than 2,300 European and US equities. The restructuring of Jiway has had no significant impact on Jiway's service offer.

OTHER SIGNIFICANT EVENTS IN THE GROUP

Stock options program for all employees

In May 2001 the Board of Directors of OM AB decided to introduce a new stock options program aimed at all group employees. The options are allocated to the employees at no charge and become successively available to the holder over three years, though no earlier than June 15, 2002. The maximum lifetime is seven years. Each option corresponds to one share and around 1.1 million shares in total are covered by the program. Overall 2.5 million employee options have been allocated during the year 2000–2001. The program is aimed at attracting and retaining competent employees as well as intensifying the focus on value creation within the company. (See also page 60, Note 21)

New organization introduced in 2002

With effect from January 1, 2002, OM has introduced a new organization based on five business areas: Broker Services, Energy Market Solutions, Financial Market Solutions, Global Services and Stockholmsbörsen. The new organization is aimed at increasing the focus on customer-adapted solutions. The reorganization is estimated to involve an annual cost saving of SEK 35 m with the full effect expected from the second quarter 2002.

Increase in employee numbers

At the year-end OM had 1,583 (1,354) employees, of which 474 (482) were located outside Sweden.

THE CONSOLIDATED BALANCE SHEET

OM's total assets amounted to SEK 5,985 m (5,505) at the year-end. Intangible fixed assets of SEK 1,317 m (1,394) included SEK 982 m (947) of consolidated goodwill, of which SEK 674 (917) m relates to the acquisition of the Stockholm Stock Exchange in January 1998. Group investments in equipment amounted to SEK 363 m (336). The increase in financial fixed assets to SEK 1,474 m (766) consists mainly of deposits for premises and the options program as well as an increase in participations in associated companies, including NLK Näringslivskredit. The market value of OM's holding in Orc Software (5.0 million shares) was, at the period-end, SEK 733 m with a book-value of SEK 73 m. OM owns 15 percent of the share capital of Helsinki Exchanges, the book value of the holding is SEK 72 m. OM's employee stock option program had an SEK –133 m impact on shareholders' equity during the period. The restructuring of Jiway had an SEK –145 m impact on shareholders' equity.

Liquidity and financing

Interest-bearing net assets totaled SEK –119 m (1,349) at the end of the reporting period. OM's interest-bearing financial assets amounted to SEK 2,013 m (1,992), of which SEK 359 m is made up of financial fixed assets. Interest-bearing financial liabilities were SEK 2,132 m (643), of which SEK 55 m (55) were long-term. Authorized credit agreements totaled SEK 2,910 m (3,300) of which SEK 2,060 m (480) have been utilized. Liquid funds totaled SEK 1,654 m (1,992).

THE WORK OF THE BOARD OF DIRECTORS

During the year the Board of Directors has held eight meetings. In addition, work was carried out within the committees specifically linked to the Board, these being the Presiding Committee, the Auditing Committee and the Salary and Remuneration Committee.

FUTURE DEVELOPMENTS

With its unique core competence within transaction technology OM commands a strong position. OM possesses considerable opportunities for continuing to gain shares in growing markets.

Technical developments, deregulation and increased international competition are important driving forces behind the constantly increasing need for advanced systems solutions on the world's financial and energy markets. OM will be able to reinforce its position as market leader within certain segments while at the same time establishing positions within new markets.

Despite 2001 being a weak year on the world's stock markets, the long-term trend of trading growth has not been interrupted. Turnover in equity trading on Stockholmsbörsen was, for example, 54 percent higher in 2001 compared to 1999. Stockholmsbörsen has every intention of continuing to strengthen its position as one of the world's most efficient and competitive exchanges. There are great opportunities for OM to participate in the industry consolidation that is currently taking place among Europe's exchange organizations.

OM's financial target is for the group's total revenue to grow by no less than 20 percent on an annual basis, at the same time as the return on shareholders' equity shall be at least 20 percent. This target will be achieved through a combination of operational growth and increased cost-efficiency. The group's investments are expected to lie above planned depreciation during the coming year.

PROPOSED DISTRIBUTION OF RETAINED EARNINGS

As shown in the consolidated balance sheet, the funds available for distribution by the group amount to SEK 242 m. No allocation to restricted reserves is required. The Board proposes that the retained earnings of SEK 88 m at its disposal in the Parent Company, be distributed as follows:

SEK m	
Dividend to shareholders, SEK 1 per share	84
To be carried forward	4
Total	**88**

ANNUAL GENERAL MEETING

The Annual General Meeting will take place on Wednesday, March 20 at 17.30 hrs at Berwaldhallen, Stockholm.

Stockholm, January 23, 2002

OM AB
The Board of Directors

Income statement

AMOUNTS IN SEK M	Group 2001	2000	1999	Parent Company 2001	2000	1999
REVENUE, Note 1						
Technology and systems sales	1,250	947	605	–	–	–
Facility management services	487	330	168	–	–	–
Trading revenue	817	1,165	848	–	–	–
Issuers' revenue	157	158	121	–	–	–
Information sales	135	139	85	–	–	–
Other operating revenue	198	385	99	4	4	–
Insurance Premium OM Reinsurance	28	28	28	–	–	–
TOTAL REVENUE	**3,072**	**3,152**	**1,954**	**4**	**4**	**–**
EXPENSES, Note 1						
External costs						
Premises	– 227	– 134	– 57	– 8	– 7	4
Marketing expenses	– 89	– 123	– 57	– 11	– 13	– 12
Consultancy expenses, Note 2	– 495	– 472	– 277	– 67	– 65	– 31
Operating & maintenance expenses, IT	– 440	– 307	– 111	– 2	– 1	–
Insurance premiums	– 37	– 42	– 40	–	–	–
Synthetic options, Note 6	0	– 30	– 13	–	– 30	– 13
Other operating expenses	– 282	– 218	– 166	– 36	– 17	– 11
Personnel expenses, Note 3	– 1,148	– 909	– 544	– 76	– 60	– 41
Depreciation, Note 4	– 241	– 131	– 84	– 26	– 1	–
Depreciation – goodwill, Note 4	– 118	– 98	– 85	–	–	–
Items affecting comparability, Note 5	– 481	5	0	– 538	– 95	–
Total expenses	**– 3,558**	**– 2,459**	**– 1,434**	**– 764**	**– 289**	**– 104**
Participations in associated companies' Income, Note 7	33	10	3	–	–	–
GRAND TOTAL EXPENSES	**– 3,525**	**– 2,449**	**– 1,431**	**– 764**	**– 289**	**– 104**
OPERATING INCOME	– 453	703	523	– 760	– 285	– 104
FINANCIAL ITEMS, Notes 8, 20	– 16	40	80	133	615	3
INCOME AFTER FINANCIAL ITEMS	– 469	743	603	– 627	330	– 101
Appropriations	–	–	–	0	13	38
Tax on net income for the year, Note 11	233	– 127	– 151	69	– 83	– 2
Minority interests	211	114	– 8	–	–	–
NET INCOME	**– 25**	**730**	**444**	**– 558**	**260**	**– 65**
Number of shares, millions	84,040	84,035	83,743	84,040	84,035	83,743
Number of shares, millions, after full conversion	84,819	84,819	84,819	84,819	84,819	84,819
Earnings per share, SEK	–0.30	8.69	5.30	–	–	–
Earnings per share, SEK, after full conversion	–0.30	8.61	5.23	–	–	–

Notes to the Income Statement

TECHNOLOGY AND SYSTEMS SALES
Technology and system sales comprise primarily licensing, project and support revenue from the sale of systems solutions, mainly software. Sales increased by 32 percent during the year, the largest portion relating to exchange and clearing systems.

FACILITY MANAGEMENT SERVICES (FMS)
FMS means that OM is responsible for the operational management of the customer's systems solutions. FMS revenue, which is partly volume dependent, increased by 48 percent during 2001. The number of FMS customers increased to 13 during the year.

TRADING REVENUE
Trading revenue, turnover dependent revenue from trading and clearing activities on OM's exchanges, fell by 30 percent during the year compared to 2000. This fall in revenue compared to last year was due primarily to lower market values and weaker equity trading activity as well as fee reductions for equity derivatives trading on Stockholmsbörsen.

ISSUERS' REVENUE
Issuers' revenue, from those fees paid by companies listed on Stockholmsbörsen, fell from SEK 158 m to SEK 157 m during the year. The volume of issuers' revenue depends on the market capitalization of listed companies. The number of listed companies on Stockholmsbörsen totaled 305 at the year-end, a decrease of 6 companies. Total market capitalization fell by 20 percent to approx. SEK 2,856 billion.

INFORMATION SALES
Revenue from information sales, dissemination of share price data and other exchange information from OM's exchanges, fell slightly during the year from SEK 139 m to SEK 135 m.

OTHER OPERATING REVENUE
Other operating revenue, which during the year fell by 48 percent, consisted mainly of revenue from the sale of shares in Orc Software, interest margins for collateral pledged by customers and training revenue.

PREMISES
Premises costs increased from SEK 134 m to SEK 227 m during the year. The primary reasons were the increase in employee numbers, the Jiway venture as well as new premises in London and New York.

MARKETING EXPENSES
Marketing expenses fell by 28 percent in 2001.

CONSULTANCY EXPENSES
Consultancy expenses increased during the year by 5 percent. Most of this increase was attributable to Jiway and Division Technology.

OPERATING AND MAINTENANCE EXPENSES
Operating and maintenance expenses rose by 43 percent during 2001. The main portion of this increase was related to new contracts for Facility Management Services (FMS) within Division Technology, as well as general operational growth.

INSURANCE PREMIUMS
Insurance premiums refer to the cost of a capital insurance policy related to the clearing operations on OM's exchanges.

SYNTHETIC OPTIONS
The lifetime of the synthetic options program, launched in October 1995, expired in October 2000. No synthetic options have remained in the company after this date.

OTHER OPERATING EXPENSES
The item increased by 29 percent over the year, consisted primarily of office and travel expenses. The level of these expenses has a close positive correlation with employee numbers.

PERSONNEL EXPENSES
Personnel expenses rose in the year by 26 percent, the main reason being a sharp increase in the number of employees within Division Technology and Jiway. At the period-end OM had 1,583 (1,354) employees, of which 474 (482) were located outside Sweden.

DEPRECIATION
OM's overall depreciation expenses increased during the year by 57 percent, primarily due to Jiway and the continued growth within Division Technology.

ITEMS AFFECTING COMPARABILITY
Items affecting comparability totaled SEK –481 (5) in 2001, of which SEK 408 m (224 related to write-downs and 184 related to other restructuring costs) related to the costs of restructuring Jiway and SEK 73 m the costs of implementing OM's cost-efficiency program.

FINANCIAL ITEMS
The main portion of OM's financial assets is invested in bonds, which, at the year-end, had a duration of approximately 2 years.

TAX
The reported tax revenue was derived primarily from the restructuring of Jiway (see page 46). At the end of the year OM's tax-related unutilized loss allowances amounted to approximately SEK 980 m (155).

MINORITY INTERESTS
Minority interests comprise largely Morgan Stanley's portion of Jiway's losses up to and including the third quarter. Other minority participations include NGX (up to and including January 2001) and Orc Software (up to and including September 2000).

EARNINGS PER SHARE
Earnings per share have been calculated from a weighted average of the number of shares during the period.

Balance Sheet

	Group			Parent Company		
AMOUNTS IN SEK M	2001	2000	1999	2001	2000	1999
ASSETS						
Fixed assets						
Intangible fixed assets, Note 12						
Goodwill	982	947	921	–	–	–
Other intangible assets	335	447	156	67	3	–
Tangible fixed assets, Note 12						
Equipment	521	310	212	0	0	2
Financial fixed assets						
Participations in associated companies, Note 7	542	473	160	–	–	–
Shares in group companies, Note 13	–	–	–	2,594	3,065	2,519
Other long-term securities holdings, Note 14	77	77	80	4	4	4
Deferred tax receivable, Note 11	315	46	–	76	–	–
Other long-term receivables, Note 15	540	170	118	308	–	26
Total fixed assets	**3,312**	**2,470**	**1,647**	**3,049**	**3,072**	**2,551**
Current assets						
Short-term receivables						
Receivables from group companies	–	–	–	776	1,473	185
Accounts receivable	507	456	349	0	0	–
Other receivables	137	362	384	21	23	5
Prepaid expenses and accrued revenue, Note 16	375	225	136	31	19	2
Short-term investments, Note 1	1,263	1,114	692	–	–	–
Cash and bank balances, Note 1	391	878	915	2	386	0
Total current assets	**2,673**	**3,035**	**2,476**	**830**	**1,901**	**192**
TOTAL ASSETS	**5,985**	**5,505**	**4,123**	**3,879**	**4,973**	**2,743**
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity, Note 17						
Share capital (84,040,118 shares at a par value of SEK 2)	168	168	167	168	168	167
Restricted reserves	1,847	1,919	1,528	1,169	1,169	1,122
Unrestricted reserves	267	169	669	646	465	671
Net income	– 25	730	444	– 558	260	– 65
Total shareholders' equity	**2,257**	**2,986**	**2,808**	**1,425**	**2,062**	**1,895**
Minority interests	**–**	**182**	**17**	**–**	**–**	**–**
Appropriations						
Untaxed reserves, Note 10	–	–	–	82	82	95
Deferred tax liability, Note 11	109	115	122	–	–	
Restructuring reserve, Note 18	149	–	–	–	–	
Other appropriations, Note 19	366	193	–	326	193	–
Total appropriations	**624**	**308**	**122**	**408**	**275**	**95**
Long-term liabilities						
Convertible debenture loan, Note 21	55	55	77	55	55	77
Other long-term liabilities	11	1	–	–	–	–
Total long-term liabilities	**66**	**56**	**77**	**55**	**55**	**77**
Short-term liabilities						
Liabilities to credit institutions	2,077	588	435	–	–	–
Accounts payable	156	304	145	13	8	9
Liabilities to group companies	–	–	–	1,626	2,135	628
Tax liabilities	31	144	54	–	77	0
Other liabilities	382	449	180	331	338	23
Accrued expenses and pre-paid revenue, Note 22	392	488	285	21	23	16
Total short-term liabilities	**3,038**	**1,973**	**1,099**	**1,991**	**2,581**	**676**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,985**	**5,505**	**4,123**	**3,879**	**4,973**	**2,743**
Collateral pledged, Note 24	**389**	**76**	**–**	**308**	**–**	**–**
Contingent liabilities, Note 25	**360**	**426**	**–**	**359**	**426**	**–**

Notes to the Balance Sheet

INTANGIBLE FIXED ASSETS

The change from 2000 was due primarily to write-downs of other intangible assets related to Jiway. Other intangible fixed assets comprised in the main balanced development expenses related to OM's systems solutions.

TANGIBLE FIXED ASSETS

The increase in tangible fixed assets was due mainly to the refurbishment of new offices in London and New York as well as the acquisition of Hostmark.

FINANCIAL FIXED ASSETS

Deferred tax receivables related in the main to unutilized loss allowances, partly in relation to Jiway. Other long-term receivables increased due to a deposit made for outstanding employee stock options. Associated companies included Orc Software, NLK, ENITA and Nordic Exchange AS.

SHORT-TERM RECEIVABLES

Accounts receivable as well as accrued revenue and prepaid expenses have increased as a result of growth within Division Technology.

SHORT-TERM INVESTMENTS/CASH AND BANK BALANCES

Short-term investments as well as cash and bank balances consisted primarily of a portfolio containing interest-bearing securities as security against OM's exchange and clearing operations. The portfolio, which during 2001 had an average duration of 2 years, was valued using the lowest value principle, which corresponds with the actual value at the year-end.

SHAREHOLDERS' EQUITY

The year-on-year change was due mainly to the dividend paid to shareholders for 2000 of SEK 504 m, as well as a provision, of SEK 133 m, related to the employee stock option program.

MINORITY INTERESTS

Minority interests in 2000 related principally to Morgan Stanley's minority share in Jiway.

APPROPRIATIONS

Most of this item relates to as yet unutilized reserves relating to Jiway, a loss risk reserve relating to OM's stock option program as well as a deferred tax liability on untaxed reserves.

LONG-TERM LIABILITIES

This item relates to a convertible debenture loan.

SHORT-TERM LIABILITIES

The increase in short-term liabilities was due to the increase in borrowing levels to finance operational investments, including new premises, Jiway, minority share acquisitions in subsidiaries as well as general operational growth.

COLLATERAL PLEDGED

This item relates to OM's employee stock option program as well as commitments entered into for leasing premises.

CONTINGENT LIABILITIES

Contingent liabilities relate to bank guarantees pledged.

Cash Flow Analysis

	Group			Parent Company		
AMOUNTS IN SEK M	2001	2000	1999	2001	2000	1999
CURRENT OPERATIONS						
Operating income	**– 453**	**703**	**523**	**– 760**	**– 285**	**– 104**
Adjustments for items not included In the cash flow						
Depreciation	359	229	169	26	1	–
Write-downs	196	–	–	538	–	–
Unutilized restructuring reserve	149	–	–	–	–	–
Participations in associated companies' income	– 33	– 10	– 3	–	–	–
Capital loss	– 23	–	–	–	–	–
Other adjustments	– 9	–	2	–	–	–
Financial items, Note 26	– 27	40	80	– 67	– 15	3
Income tax paid	– 150	– 103	– 152	– 82	– 70	– 2
Total cash flow from current operations before changes in operating capital	**9**	**859**	**619**	**– 345**	**– 369**	**– 103**
Changes in operating capital						
Operating receivables	66	– 17	– 370	886	15	28
Operating liabilities	– 372	311	153	– 514	1,380	229
Total change in operating capital	**– 306**	**294**	**– 217**	**372**	**1,395**	**257**
CASH FLOW FROM CURRENT OPERATIONS	**– 297**	**1,153**	**402**	**27**	**1,025**	**154**
INVESTMENT OPERATIONS						
Change in intangible fixed assets	– 127	– 321	– 195	– 90	–	–
Change in tangible fixed assets	– 328	– 180	– 117	–	– 1	– 2
Acquisitions of associated companies	– 24	–	– 158	–	–	–
Acquisitions of, and new issues in, subsidiaries, Note 26	– 166	– 30	–	– 92	– 416	– 1
Sale of subsidiaries, Note 26	– 156	–	–	25	–	–
Change in other shares and participations	115	–	46	–	–	72
Change in long-term receivables	– 42	– 52	– 80	–	26	– 1
Other	10	1	–	–	1	–
CASH FLOW FROM INVESTMENT OPERATIONS	**– 718**	**– 582**	**– 504**	**– 157**	**– 390**	**68**
FINANCING OPERATIONS						
Dividend	– 504	– 419	– 377	– 504	– 419	– 377
Group contribution	–	–	–	558	166	166
Change in financial receivables and liabilities	1,181	233	434	– 308	– 22	– 11
Other	–	–	–	–	26	–
CASH FLOW FROM FINANCING OPERATIONS	**677**	**– 186**	**57**	**– 254**	**– 249**	**– 222**
Change in liquid funds*	– 338	385	– 45	– 384	386	0
Liquid funds – opening balance	1,992	1,607	1,652	386	0	0
Foreign exchange differences - liquid funds	–	–	–	–	–	–
Liquid funds – closing balance	1,654	1,992	1,607	2	386	0

*The change in "Short-term liabilities to credit institutions" is reported under "Financing Operations". The comparative figures for 2000 have been adjusted as this item was reported under "Change in operating capital" in the Annual Report 2000. Liquid funds comprises short-term investments and cash and bank balances.

Notes to the Cash Flow Analysis

OPERATING INCOME

See Income Statement

CHANGE IN OPERATING CAPITAL

The change was primarily due to operational growth, mainly within Division Technology.

INVESTMENT OPERATIONS

The year's investments were primarily acquisitions of equipment, increases in other intangible fixed assets as well as the acquisition of remaining minority shares in subsidiaries Energy Systems A/S and NGX.

FINANCING OPERATIONS

This item relates to the net dividend for the financial year 2000, deposits linked to OM's employee stock option program and the group's increased borrowing level.

CHANGE IN LIQUID FUNDS

Liquid funds have decreased as a consequence of the operating loss and operational investments.

Notes to the financial statements

Amounts in SEK millions (SEK m) unless otherwise stated. Amounts in parentheses indicate last year's values.

NOTE 1 Accounting Principles

The annual report has been prepared in accordance with the Annual Accounts Act as well as the recommendations set by the Swedish Financial Accounting Standards Council.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts include the Parent Company and all companies in which the Parent Company, either through direct or indirect ownership via subsidiaries, controls more than 50 percent of the voting rights. The consolidated accounts have been prepared in accordance with the acquisition accounting method. This means, inter alia, that the book value of shares in subsidiaries are set-off in the first instance against restricted shareholders' equity in each subsidiary and thereafter against unrestricted shareholders' equity. Only that part of the subsidiary's unrestricted shareholders' equity which can be distributed to the Parent Company without the need for writing down the share, is included in the Groups' unrestricted shareholders' equity. The consolidated income statement includes companies that have been acquired or disposed of during the year, with the reported values relating only to the period the companies have been owned by the Group.

INTERNAL SALES

Internal sales within OM are charged at cost price. Of internal sales, SEK 401 m (301) represents sales from Division Technology to OM's other business areas. A reorganization came into effect in January 2002 which will mean, among other things, a new internal pricing structure.

TAXES

OM has previously reported accrued tax receivables related to so-called temporary differences and deficit allowances to the extent they have been netted against taxable surpluses during the same fiscal year. With effect from 2001 accrued tax receivables are reported as assets in the balance sheet on condition that it is probable that the amounts can be used to offset tax liabilities on future surpluses. Deferred tax is calculated in line with the taxation rates applicable in each country. Comparative figures in the annual report have been recalculated using this new accounting principle.

RECALCULATION OF FOREIGN SUBSIDIARIES' BALANCE SHEETS AND INCOME STATEMENTS

The OM Group comprises a small number of integrated foreign support companies. Taking into consideration the limited scope of these companies, all foreign subsidiaries are classified as independent for the purposes of preparing OM's consolidated financial statements. On recalculating the accounts of these companies to Swedish kronor the current rate method has therefore been used which means that items in the balance sheet have been recalculated at the year-end rate, apart from shareholders' equity which is recalculated at a historic rate, while items in the income statement have been recalculated at an average rate. The translation differences that consequently arise are not transferred directly to the income statement but are posted directly to shareholders' equity.

JOINT VENTURES

On accounting for joint ventures OM applies the proportional method as this is viewed as producing a better picture of both the scope and financial reality of the joint undertaking. See Note 7.

ASSOCIATED COMPANIES

On accounting for associated companies OM applies the equity method. OM's total participation in associated companies' income is reported net of tax.

SHORT-TERM INVESTMENTS AND CASH AND BANK BALANCES

OM's short-term investments as well as its cash and bank balances consist of money market instruments, bonds and other securities issued by the Swedish State, Swedish municipalities, Swedish banks, Swedish mortgage institutions as well as short-term shareholdings. These have been valued in accordance with the lowest value principle. The return has been shown as a net figure in the consolidated income statement. See Note 8.

In addition to collateral received and an active risk management policy, OM's short-term investments as well as its cash and bank balances, shall ensure that Stockholmsbörsen and OM London Exchange can fulfil those obligations that are a necessary part of their exchange and clearing operations.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies have been valued at the year-end rates quoted for each currency. Where receivable and liabilities have been hedged, valuation has been made at the rates set in the hedging contracts. Exchange rate differences relating to operating receivables and liabilities are reported as part of operating income, while rate differences related to financial assets and liabilities have been reported as financial items.

COST OF BORROWING

Borrowing costs are charged to income during the period in which they arise.

ONGOING INCOME RECOGNITION

OM applies the principle of ongoing income recognition to its technology sales. On applying the principle of ongoing income recognition, income is recognized in line with the completion (development) of a project. The fundamental premise for ongoing income recognition is, in part, that project revenue and expenditure can be accurately assessed and, in part, that the degree of development can be fixed in a reliable way. At OM the degree of development is fixed through the relationship between the hours that have been worked by the year-end and the estimated number of project hours in total. The occasional project arises for which an accurate assessment of project revenue and expenditure cannot be made when the year-end accounts are prepared. In such cases revenue is instead determined using zero-settlement. In these cases the rule is that the project revenue is reported as expenditure incurred to date, i.e. income is reported as zero until such time as it can be accurately calculated. Thereafter the transfer to ongoing income recognition is made as soon as possible. Of revenue derived from technology and systems sales, SEK 719 m has been reported as income related to project revenue.

WRITE-DOWNS

The book values of fixed assets are continuously monitored through analyses. If an analysis indicates that a value is too high, the asset's recovery value is established, which is the highest of net sale value and economic lifetime value. The economic lifetime value is measured as the expected future discounted cash flow. A write-down consists of the difference between the book value and the recovery value.

In conjunction with the comprehensive restructuring of Jiway, write-downs were made of other intangible and tangible fixed assets. Written-down assets are not deemed to generate any future cash flows.

COSTS RELATED TO SYSTEMS DEVELOPMENT

The main principle is that expenses for research and development relating to computer systems for trading, clearing and information are charged against revenue on a continuous basis. However, in certain customer-specific cases expenses have been activated to comply with current legislation and generally accepted accounting principles. During the fiscal year SEK 3 m has been charged to income for investment in research, and SEK 286 m for investment in development.

OPERATING REVENUE AND EXPENSES

In addition to what is presented in the income statement, operating revenue includes premiums for options written and payments for futures contracts sold. OM's exchanges pay the same premium on the purchase of options and the same price for purchasing futures included in operating expenses, as OM's exchanges receive for writing options and selling futures. Premium revenue and expenses as well as future payments made and received are shown as net figures in the income statement.

EMPLOYEE STOCK OPTIONS

A provision has been made for the risk of losses arising from the year-end OM share price being below the issue price. For that part of the program that has been hedged through synthetic options, the cost has been reported as a deduction from unrestricted shareholders' equity, in accordance with the regulations for the buy-back of own shares. See Notes 17 and 19.

CURRENT TRADING ACCOUNT

In accordance with the Swedish Financial Supervisory Authority's ruling, net accounting may take place for contracts settled through payment against delivery in a clearing house.

Current trading receivables and current trading liabilities in OM's exchange operations have been netted within each clearing house.

Gross amount	Receivable	Liability
Stockholmsbörsen AB	211	167
OM London Exchange Ltd.	10	36
Natural Gas Exchange Inc.	1,299	1,300

COLLATERAL PLEDGED TO STOCKHOLMSBÖRSEN AND OM LONDON EXCHANGE

Through their clearing operations both Stockholmsbörsen and OM London Exchange enter as the counterparty in each options and futures contract thereby guaranteeing the fulfillment of each contract. Customers, who either through an option or futures contract, incur a financial obligation towards OM's exchanges, must pledge collateral against this obligation in accordance with the specific rules regulating this area. Most of the collateral pledged comprises cash and securities issued by the Swedish State. See Note 23.

COLLATERAL PLEDGED

This item relates to collateral pledged in relation to OM's employee stock option program as well as leasehold commitments for office premises. See Note 24.

CONTINGENT LIABILITIES

Through its clearing house activities the Natural Gas Exchange (NGX) becomes a counterparty in each transaction thereby guaranteeing the fulfillment of every contract. As collateral for these commitments NGX has pledged bank guarantees that are guaranteed by OM. In addition to this guarantees have been pledged for the fulfillment of obligations for leasehold contracts in Stockholm. See Note 25.

NOTE 2 Auditors' remuneration

The following remuneration was paid to auditors and accountancy companies for auditing and audit-related services required by law as well as for advice and other assistance arising from observations made during the course of the auditing process. Remuneration has also been paid for additional, independent advice.

PAYMENTS MADE TO COMPANY'S AUDITORS

	Group		Parent Company	
(SEK 000s)	2001	2000	2001	2000
Fees and reimbursements				
Ernst & Young				
Auditing assignments	7,744	5,985	790	500
Other assignments	14,632	17,830	2,238	9,966
PricewaterhouseCoopers				
Auditing assignments	125	216	125	129
Other assignments	648	1,748	–	91
BDO Feinstein				
Auditing assignments	39	40	–	–
Other assignments	171	373	–	–
Other auditors				
Auditing assignments	94	23	–	–
Other assignments	2,025	0	–	–
Total	**25,478**	**26,215**	**3,153**	**10,686**

NOTE 3 Personnel

NUMBER OF EMPLOYEES AT THE YEAR-END

	2001		2000	
	Total	of which men	Total	of which men
Sweden	1,109	703	872	528
of which Parent Company	44	23	33	16
Australia	7	4	3	2
Canada	26	23	26	21
Denmark	19	17	20	16
Germany	20	18	8	5
Hong Kong	11	7	–	–
Italy	4	4	2	2
Korea	–	–	11	10
Norway	87	64	99	80
Switzerland	–	–	1	1
United Kingdom	216	168	215	147
USA	84	60	97	73
Total	**1,583**	**1,068**	**1,354**	**885**

The average number of employees in the group during the year was 1,516 (1,242) of which 42 (28) were employed in the Parent Company.

PERSONNEL EXPENSES

	Group		Parent Company	
	2001	2000	2001	2000
Salaries And Other Remuneration, Sweden				
Board and CEO*	54	32	28	24
of which income-based bonuses	14	22	13	12
Other employees	318	287	21	13
Australia	4	2	–	–
Canada	17	14	–	–
Denmark	12	10	–	–
Hong Kong	5	–	–	–
Italy	3	2	–	–
Korea	3	6	–	–
Norway	50	36	–	–
Switzerland	5	4	–	–
United Kingdom	161	101	–	–
Germany	7	2	–	–
USA	105	88	–	–
Total salaries and other remuneration	**744**	**584**	**49**	**37**
Other Personnel Expenses				
Social welfare contributions	197	150	17	14
Pension expenses**	65	40	5	5
Other personnel expenses	142	135	5	4
Total other personnel expenses	**404**	**325**	**27**	**23**
TOTAL PERSONNEL EXPENSES	**1,148**	**909**	**76**	**60**

* The figures reported for the Group also include remuneration paid to the corresponding members of staff in subsidiaries.
** Of which SEK 680,976 (985,568) was paid on behalf of the President and CEO.

In accordance with the decision taken by the Annual General Meeting regarding the payment of fees to Board Members who are not employees of the Group, Board fees paid in 2001 totaled SEK 1,600,000 (1,600,000), of which SEK 700,000 (700,000) was paid to the Chairman of the Board. In addition, Board fees totaling SEK 937,500 (1,445,000) have been paid during the year to subsidiary Board members. These fees have only been paid to persons who are not employees of the Group.

Based on a license agreement, a fixed as well as a profit-related payment has been made to a company in close proximity to the Chairman. The profit-related portion represents 1 percent of OM's income after financial items. The fixed portion is SEK 665,160 (657,812). These payments are made quarterly, in arrears. The agreement was entered into in 1985 in conjunction with the inception of OM and expires in 2005.

The Chief Executive Officer Per E. Larsson was paid salary and benefits in kind totaling SEK 3,695,592 (3,471,266). In addition he has received a bonus of SEK 2,000,000 (10,000,000). Standard pension policies exist for members of

Group management. In the event of a company initiative to terminate any contract of employment, they will have the right to a salary during a period of notice of no less than one year up to a maximum of two years.

NOTE 4 Depreciation

PRINCIPLES OF DEPRECIATION

Intangible Assets

Intangible assets consist of consolidated goodwill, goodwill from asset acquisition and other intangible assets. Intangible assets are depreciated in a straight line over their economic lifetime;

Economic lifetime	Acquisition value	Book value
5 years	812	482
10 years	220	161
20 years	845	674
Total	1,877	1,317

Equipment

Equipment is depreciated in a straight line based on OM's estimation of the economic lifetime which is 5 years.

DEPRECIATION FOR THE YEAR

	Group	
	2001	2000
Goodwill	118	98
Intangible assets	119	28
Equipment	122	103
Total	**359**	**229**

See Note 12

NOTE 5 Items affecting comparability

2001: Expenses incurred in the restructuring of Jiway of SEK 408 m (of which SEK 224 m are write-downs and SEK 184 m are other costs), as well as expenses totaling SEK 73 m relating to the Group's cost-efficiency program.
2000: The expenses involved in the bid for the London Stock Exchange amounted to SEK 95 m as well as the expense reduction arising from a repayment of VAT totaling SEK 100 m.

NOTE 6 Synthetic options

In October 1995, 45 key members of staff subscribed to a total of 2,070,000 (recalculated) synthetic options, the conditions of which were stipulated by the Board on October 24, 1995. The exercise price was SEK 40 and the lifetime was 5 years. The value of the options was based on the OM share price. The cost for 2001 was SEK 0 m (30) based on the redemption prices. As at December 31, 2001 there were 0 (0) outstanding options.

NOTE 7 Associated companies and joint ventures

PARTICIPATIONS IN ASSOCIATED COMPANIES' INCOME

	Domicile	Corp. ID no.	Group 2001	Group 2000
Nordic Exchanges A/S	Copenhagen, Denmark	–	0	0
Näringslivskredit NLK AB	Stockholm	556270-1432	13	0
Orc Software AB	Stockholm	556313-4583	21	10
ENITA AS	Trondheim, Norway	–	0	0
Other	–	–	– 1	–
Total			33	10

EQUITY SHARES IN ASSOCIATED COMPANIES

	Votes and equity shares, %	No. of shares	Group 2001	Group 2000	Market value in SEK m 31/12 2001
Nordic Exchanges A/S	32	20,000	2	2	–
Näringslivskredit NLK AB	48*	1,600,374	443	441	–
Orc Software AB	34	4,988,075	73	30	733
ENITA	34	3,100	24	0	–
Total			**542**	**473**	**733**

* Equity share amounts to 90%

JOINT VENTURES

	Domicile	Corp. ID no.	Average no. employees	of which men
Power Clearing Systems AS	Oslo		1	1
Net Circle	Stockholm	556606-5420	3	3

Income Statement		Balance Sheet	
Revenue	63	Fixed assets	3
Expenses	– 15	Current assets	68
Operating income	48	Total assets	71
Net financial items	3	Shareholders' equity	54
Tax	– 15	Long-term liabilities	0
		Short-term liabilities	17
Net income for year	36	Total shareholders' equity and liabilities	71

The above summary of balance sheets and income statements reproduces the total amounts contained within shares in Joint Ventures.

NOTE 8 Financial items

	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Income from shares in group companies				
Dividends	–	1	–	–
Anticipated dividend	–	–	200	500
Write-downs	–	–	–	–
Capital losses/gains from disposals	– 2	–	–	130
Total	**– 2**	**1**	**200**	**630**
Income from participations in associated companies				
Dividends	0	8	–	–
Total	**0**	**8**	**–**	**–**
Income from other securities and receivables that are fixed assets				
Dividends	18	2	2	2
Interest income	19	–	19	–
Reversals	–	18	–	–
Exchange rate gains	–	0	–	–
Total	**37**	**20**	**21**	**2**
Other interest income and similar income items				
Dividends	0	0	–	–
Interest	72	98	0	2
Interest, Group	–	–	6	41
Exchange rate differences	18	49	–	–
Capital gains	13	2	–	–
Total	**103**	**149**	**6**	**43**
Interest expenses and similar expense items				
Interest	– 150	– 42	– 36	– 10
Interest, Group	–	–	– 58	– 50
Exchange rate differences	–	– 87	–	–
Capital loss	–	– 6	–	–
Other	– 4	– 3	–	–
Total	**– 154**	**– 138**	**– 94**	**– 60**
TOTAL FINANCIAL ITEMS	**– 16**	**40**	**133**	**615**

NOTE 9 Operational leasing

OM has no financial leasing agreements. Set out below are the operational leasing commitments of the Group.

LEASING FEES FOR THE PERIOD

	2001	2000
Equipment	40	1
Computer operation	47	29
Premises	156	134
Other	6	3
Total	**249**	**167**

CONTRACTED LEASING FEES

	2002	2003	2004	2005	2006	2007
Equipment	36	36	36	–	–	–
Computer operation	50	50	42	28	22	–
Premises	148	138	128	106	112	524
Other	3	2	1	0	0	–
Total	**237**	**226**	**207**	**134**	**134**	**524**

At the year-end the total amount of future minimum leasing fees pertaining to non-terminable contracts for sub-contracted items, totaled SEK 22 m.

CONTRACTS ENTERED INTO DURING 2001

In 2001 a number of new contracts have been entered as a consequence of acquisitions. Set out below are the annual contracted minimum leasing fees for these contracts.

	From 2001	From 2002
Premises	–	77
Computer operation	–	36
Total	**–**	**113**

In addition to the minimum leasing fees, variable fees pertaining mainly to indexation and property tax must be added.

NOTE 10 Untaxed reserves

CATASROPHE RESERVE

Stockholmsbörsen and OM London Exchange have subscribed to a long-term indemnity insurance. This insurance is intended to cover losses arising from exchange and clearing operations which would normally be covered only by each company's shareholders' equity. The insurance has been subscribed to through a Swedish insurance company which has in turn reinsured primarily through OM Reinsurance in Switzerland. Provisions for the catastrophe reserve have been made by OM Reinsurance. This provision corresponds to the insurance premium received by OM Reinsurance.

ACCRUALS RESERVE

With effect from the fiscal year 1994 it has been possible to equalize earnings between different years through an accruals reserve. Allocations to an accruals reserve up to and including 1996 were allowed up to a maximum of 25 percent of taxable income, with effect from 1997 up to and including 2000 the allowance was 20 percent of taxable income and in 2001 the maximum amount allowable was 25 percent of taxable income. Each year's allocation must be recovered for taxation after six years. The Parent Company's accruals reserve totals SEK 82 m (82).

NOTE 11 Taxes

Under Taxes in the income statement both actual and deferred income tax is reported for Swedish and foreign group entities. Companies in the Group are liable to pay tax in accordance with relevant taxation legislation in the countries in question. The Swedish State corporate tax rate during 2001 was 28 percent and was calculated on nominal reported income adding non-deductible items and deducting non-taxable revenue.

Income after financial items was distributed as follows;

	Group		Parent Company	
	2001	2000	2001	2000
Sweden	– 479	647	– 627	330
Other countries	– 23	86	–	–
Participation in associated companies income	+33	10	–	–
Total	**– 469**	**743**	**– 627**	**330**

Tax for the year is distributed as follows;

	Group		Parent Company	
Current tax	**2001**	**2000**	**2001**	**2000**
Sweden	– 5	– 121	– 6	– 83
Other countries	– 16	– 40	–	–
Total current tax	– 21	– 161	– 6	– 83
Deferred tax				
Sweden	194	0	75	–
Other countries	61	34	–	–
Total deferred tax	**254**	**34**	**75**	**–**
Total tax	**233**	**– 127**	**69**	**– 83**
Taxation rate	–	– 17%	–	– 25%

The taxation rate for the Group and Parent Company is positive for 2001 because income during the fiscal year is negative. The difference between the nominal Swedish taxation rate of 28 percent and the Group and Parent Company's positive taxation rate is, to all intents and purposes, attributable to the restructuring of Jiway.

Last year the Group's taxation rate was 17 percent. The deviation from 28 percent is explained by the utilization of loss allowances as well as the difference between the nominal Swedish rate and lower, as well as higher taxation rates in foreign subsidiaries which reduced the taxation rate by a net of 14 percentage points. Permanent differences in the form of non-deductible goodwill depreciation as well as non-deductible expenses, have increased the taxation rate by 3 percentage points.

Last year the Parent Company's taxation rate was 25 percent. Deviations from a nominal taxation rate of 28 percent are due to permanent differences in the form of tax-free dividends from subsidiaries and associated companies.

Accumulated loss allowances are distributed as follows;

	Group		Parent Company	
	2001	2000	2001	2000
Sweden	763	–	269	–
Other countries	217	155	–	–
Total	**980**	**155**	**269**	**–**

Deficits in Swedish companies can be utilized at any time, with no time restrictions. For foreign subsidiaries utilizing deficits is, in certain cases, time restricted. Certain foreign deficits must be utilized within 10 years. Total deficits, as at the year-end, can be used no later than the following years:

	Group		Parent Company	
Utilization year	**2001**	**2000**	**2001**	**2000**
2002	–	–	–	–
2003	–	–	–	–
2004	–	–	–	–
2005	–	–	–	–
2006	–	–	–	–
2007-	132	27	–	–
Unrestricted	848	128	269	–
Total	**980**	**155**	**269**	**–**

Deficits also exist in associated companies.

Deferred tax receivables and tax liabilities are distributed as follows;

	Group		Parent Company	
Deferred tax receivables	2001	2000	2001	2000
Deficit allowance, gross	263	46	76	–
Provisions for restructuring measures	52	–	–	–
Total deferred tax receivables	**315**	**46**	**76**	**–**
Deferred tax liabilities				
Untaxed reserves	– 109	– 115	– 23	– 23
Total deferred tax liabilities	**– 109**	**– 115**	**– 23**	**–**
DEFERRED TAX RECEIVABLES, NET	206	– 69	53	– 23

UNTAXED RESERVES AND APPROPRIATIONS

In the consolidated accounts, the untaxed reserves after eliminations, have been distributed between deferred tax liabilities and restricted reserves in shareholders' equity, respectively. Most of the latter can, if taken up for taxation, be transferred to unrestricted reserves.

ONGOING TAXATION DISPUTES

An expense provision of SEK 18 m has been made in relation to two ongoing taxation disputes. Otherwise, it is not believed that these disputes, either individually or collectively, will have any material negative effect on the Group's business operations, financial position or financial results.

NOTE 12 Goodwill, other intangible assets and equipment

GROUP

	Goodwill	Other intangible assets	Equipment
Acquisition value brought forward	1,152	503	554
Assets acquired through acquisitions	–	26	1
Assets acquired during the year	168	149	409
Reclassifications*	– 23	–	–
Disposals	–	– 98	– 33
Obsolescence	–	–	– 14
ACQUISITION VALUE CARRIED FORWARD	1,297	580	917
Depreciation brought forward	205	56	244
Depreciation through acquisitions	–	3	0
Depreciation for the year	118	119	122
Disposals	–	– 54	– 9
Write-downs	–	151	45
Obsolescence	–	–	– 2
Exchange rate differences	– 8	– 30	– 4
Depreciation carried forward	315	245	396
BOOK VALUE	982	335	521

* reclassification to shares and participations in associated companies

PARENT COMPANY

	Other intangible assets
Acquisition value brought forward	3
Assets acquired during the year	90
ACQUISITION VALUE CARRIED FORWARD	93
Depreciation brought forward	0
Depreciation for the year	– 26
Depreciation carried forward	– 26
BOOK VALUE	67

Other intangible assets comprise the following items;

	Group		Parent Company	
	2001	2000	2001	2000
Development costs brought forward	299	402	36	–
Licenses	19	23	16	–
Other	17	22	15	3
Total	**335**	**447**	**67**	**3**

NOTE 13 Shares in group companies

PARENT COMPANY

	2001	2000
Acquisition value brought forward	3,065	2,519
New issues and acquisitions	72	597
Disposals	– 543	– 51
Acquisition value carried forward	2,594	3,065

PARENT COMPANY

	Corp.ID. number	Domicile	Votes and equity share, %	Book value
Bond Connect Europe	–	London	50	3
OM Räntebörsen AB	556352-5574	Stockholm	100	47
Stockholmsbörsen AB	556355-0036	Stockholm	100	1,095
OM Technology AB	556314-8138	Stockholm	100	200
OM Transaction Development	556547-6834	Stockholm	100	0
OM Treasury AB	556211-6854	Stockholm	100	770
OM Treasury AG	–	Zug	33	52
Natural Gas Exchange Inc.	–	Calgary	100	117
Risk Management Stockholm AB	556355-0036	Stockholm	100	3
Stockholm's Fondbörs AB	556420-8394	Stockholm	100	306
XACT Fonder AB	556582-4504	Stockholm	100	1
XACT Index AB	556525-6830	Stockholm	100	0
Total				**2,594**

ACQUISITIONS 2001

	Operations	Acquisition value	Time of acquisition
Natural Gas Exchange Inc.	Gas Exchange, Canada	64*	Jan, 2001
OM Räntebörsen AB	Fixed income exchange, Sthlm	5*	Feb, 2001
Bond Connect Europe	Fixed income exchange, London	3	Feb, 2001
XACT Index AB	Fund company, Sthlm	0	Nov, 2001
Total		**72**	

* relates to acquisition of outstanding minority interests

NOTE 14 Other long-term securities holdings

	Group 2001	Group 2000
Acquisition value brought forward	77	80
Sales	–	– 3
Acquisition value carried forward	77	77

PARENT COMPANY

	Votes and equity shares, %	No. of shares	Book value 2001	Book value 2000
NOS AS	12	1,749,700	4	4
Total			**4**	**4**

SUBSIDIARIES

	Votes and equity shares, %	No. of shares	Book value 2001	Book value 2000
Helsinki Exchanges OY	15	2,103,717	72	72
Clearing Control CC AB	50	500	1	1
Total			**73**	**73**
GROUP TOTAL			77	77

NOTE 15 Other long-term receivables

	Group		Parent Company	
	2001	2000	2001	2000
Collateral, stock option program	308	–	308	–
Other	232	170	–	–
Total	**540**	**170**	**308**	**–**

NOTE 16 Prepaid expenses and accrued revenue

	Group		Parent Company	
	2001	2000	2001	2000
Rents, interest	39	26	20	18
System sales, facility management	205	81	–	–
Information vending	21	18	–	–
Transaction revenue	22	32	–	–
Insurance	2	33	–	–
Other	86	35	11	1
Total	**375**	**225**	**31**	**19**

NOTE 17 Shareholders' equity

GROUP

	Share capital	Restricted reserves	Unrestricted shareholders' equity	Total
Opening balance, January 1, 2001	168	1,919	899	2,986
Dividend for fiscal year 2000	–	–	– 504	– 504
Changes between restricted and unrestricted shareholders' equity	–	– 20	20	0
Redemption of convertibles and warrants	0	1	–	1
Employee stock options	–	–	– 133	– 133
Translation differences	–	– 53	– 1	– 54
Net income, 2001	–	–	– 25	– 25
Other	–	–	– 14	– 14
Closing balance, December 31, 2001	**168**	**1,847**	**242**	**2,257**

PARENT COMPANY

	Share capital	Restricted reserves	Unrestrictec shareholders' equity	Total
Opening balance, January 1, 2001	168	1 ,169	725	2,062
Dividend for fiscal year 2000	–	–	– 504	– 504
Redemption of convertibles and warrants	0	0	–	0
Employee stock options	–	–	– 133	– 133
Group contribution	–	–	558	558
Net income, 2001	–	–	– 558	– 558
Closing balance, December 31, 2001	**168**	**1,169**	**88**	**1,425**

The share capital of the Parent Company is divided between SEK 84,040,118 (84,034,618) shares with a par value of SEK 2. The Group's shareholders' equity amounted to SEK 27 (36) per share. The cost of the employee stock option program has been equalized with the buy-back of 1,400,000 OM shares, which corresponds to 1.65 percent of the total number of outstanding shares after full conversion.

Application of the equity method of accounting for associated companies means that the value of shareholders' equity in the Group is SEK 80 m (47) higher than the value given by the acquisition method of accounting.

NOTE 18 Restructuring reserve

	Group		Parent Company	
	2001	2000	2001	2000
Opening balance	–	–	–	–
Provisions during the period	483	–	–	–
Utilized reserves	– 332	–	–	–
Dissolution	– 2	–	–	–
Closing balance	**149**	**–**	**–**	**–**

The remaining reserve relates to costs derived from the restructuring of Jiway.

NOTE 19 Other provisions

	Group		Parent Company	
	2001	2000	2001	2000
Other provisions	40	–	–	–
Loss risk reserve OM's employee stock option program	326	193	326	193
Total	**366**	**193**	**326**	**193**

Other provisions relates to the acquisition of Hostmark. No dissolution took place during the year. Dissolutions are expected to occur during a three-year period.

NOTE 20 Financial risk management

Through its operations OM is exposed to different types of financial risks. The management of these risks and transactions is centralized within OM's internal bank, OM Treasury.

By centralizing its financing operations OM achieves considerable economies of scale, lower financing costs as well as better control and management of the Group's risks. A finance policy adopted by the Board of Directors forms a regulatory framework for financial risk management and financing operations as a whole. OM Treasury's goal is to maximize OM's net finances within given risk limits.

CURRENCY RISKS

A large proportion of OM's turnover is derived from operations outside Sweden. As a result, exchange rate fluctuations have an impact on the Group's income statement and balance sheet. Currency risks arise in the form of transaction and translation risks. The commercial net flows of foreign currencies on an annual basis amount to around SEK 400 m, of which USD represents more than 90 percent. Each company in the Group is responsible for hedging its payment flows in foreign currencies under forward contracts. All forward hedging is performed exclusively in relation to OM Treasury, on market terms. It is OM's policy for 12 months' estimated currency flows to be hedged under forward contracts. Deviations from this 12-month hedging level may take place depending on the operations' profitability and currency assessments. As at December 31 the equivalent of 12 months' anticipated flows were hedged. The impact on income of currency hedging in 2001 was SEK –23 m. The value of as yet unreported hedging amounted to SEK 6 m as at December 31, 2001.

In conjunction with the revaluation of assets and liabilities in OM's foreign subsidiaries into Swedish kronor, changes to exchange rates can have an impact on the Group's balance sheet. This translation exposure does not have exchange risk cover at present.

INTEREST-RATE AND PRICE RISKS

Interest-rate risks refer to the risk of the negative impact on Group income arising from changes in market interest rates. The speed at which an enduring interest-rate change can impact the Group's net interest income depends on the duration of OM's investments and borrowing. OM's net financial liability was SEK 119 m at the year-end, distributed between a borrowing liability of SEK 2,132 m and a liquidity reserve of SEK 2,013 m. In accordance with OM's finance policy the average duration for OM's Guarantee fund (collateral capital for the exchange and clearing operations) may be up to a maximum of 4 years with other liquidity invested with a short duration. The duration of liabilities are normally short but can be extended to limit the negative impact of an interest-rate increase. At no time during the year did the duration for borrowing exceed 3 months. As at December 31 there were guaranteed credit facilities of SEK 2,910 m of which SEK 2,060 m were utilized. As at December 31 the duration for borrowing stood at 1 month. The duration of the Guarantee fund was 1.9 years.

A fall of one percentage point in value of the Swedish bond interest rate gives rise to a positive, non-recurring effect on the value of the bond portfolio of SEK 19 m. An increase of ten percent in the OMX index gives rise to a positive non-recurring effect in the value of the share portfolio of SEK 0.9 m.

LIQUIDITY AND CREDIT RISKS

The group's financial transactions give rise to credit risks in relation to financial counterparties. Credit risks arise when investing liquid funds, and counterparty risks arise when trading in financial instruments. In order to limit these risks, OM only invests in low credit risk securities offering high liquidity, and will only deal with counterparties with a high credit rating. OM also uses ISDA agreements which permit the netting of receivables and liabilities against the same counterparty.

CLEARING RISKS

Stockholmsbörsen offers clearing for trading in both equities and fixed income related derivative products. A trade cleared through Stockholmsbörsen means that Stockholmsbörsen guarantees that the trade is fulfilled. To do this Stockholmsbörsen enters as the counterparty against both seller and buyer. This central counterparty clearing therefore contributes to the creation of a more efficient market as all participants can act without the need to consider the original counterparty risk in their price picture. OM eliminates the counterparty risk by underwriting the liabilities that arise from each transaction between buyer and seller, such as settlement and delivery. To protect against the risks that consequently arise, Stockholmsbörsen requires collateral to be provided by its members and end-customers.

Stockholmsbörsen's clearing operations are located in Stockholm and London. Clearing in London, at OM London Exchange, is at member level, while clearing in Stockholm is at end-customer level. In addition to clearing exchange traded derivative products on Stockholmsbörsen, Tailor Made Clearing – clearing of OTC derivatives - also takes place. By using this service a clearing member can also avoid the counterparty risk for instruments that are traded off-exchange. During the year OM also operated clearing houses within UKPX, PULPEX, NGX and Jiway.

OM has considerable experience of offering clearing services and managing clearing risks. See page 26.

NOTE 21 Convertible debentures, warrants and employee options

PARENT COMPANY

Convertible debentures issued to employees	23-12-1998
Original nominal amount, SEK	76,531,350
Conversion, 2001	– 241,500
Outstanding liability as at 31-12-2001	54,965,400
Nominal interest rate, % (12 month Stibor, 0.5%)	3.88
Conversion rate, SEK	161
Number of shares on full conversion of outstanding liability	341,400
Conversion with effect from	30-04-1999
Maturity date	31-05-2004

Warrants issued to employees	23-12-1998
Subscription price, SEK	161
Number of shares upon full subscription	600,000
Subscribed as at 31-12-2001	162,700
Premium, SEK	15.30
New subscription of shares with effect from	30-04-1999
Maturity date	31-05-2004

Options issued to employees	28-06-2000
Subscription price, SEK	400
Coverage, number of shares	1,400,000
Outstanding as at 31-12-2001	1,199,000
Redemption of shares with effect from	25-05-2001
Expiration date	28-06-2007

Options issued to employees	15-06-2001
Subscription price, SEK	175
Coverage, number of shares	1,100,000
Outstanding as at 31-12-2001	1,025,000
Redemption of shares with effect from	15-06-2002
Expiration date	15-06-2008

NOTE 22 Accrued expenses and prepaid revenue

	Group		Parent Company	
	2001	2000	2001	2000
Personnel expenses	77	70	11	22
Systems sales	98			
Facility management	14	220	–	–
Issuers' fees	48	40	–	–
Other	155	158	10	1
Total	**392**	**488**	**21**	**23**

NOTE 23 Collateral pledged to Stockholmsbörsen and OM London Exchange

GROUP

Company	2001	2000
Stockholmsbörsen	7,041	10,419
OM London Exchange	2,676	2,703
Total	**9,717**	**13,122**

NOTE 24 Collateral pledged

GROUP

Company	2001	2000	
OM London Exchange	46	44	Leasehold deposit, London
OM Treasury AB	35	32	Leasehold deposit, New York
OM AB	308	–	OM's employee stock option program
Total	**389**	**76**	

NOTE 25 Contingent liabilities group

GROUP

Company	2001	2000
OM AB	359	426
OM Treasury AB	1	–
Total	**360**	**426**

NOTE 26 Cash flow analysis

FINANCIAL ITEMS

Financial items with an impact on cash flow amounted to the following;

	Group		Parent Company	
	2001	2000	2001	2000
Income from shares in group companies				
Dividends	–	1	–	–
Total	**–**	**1**	**–**	**–**
Income from shares in associated companies				
Dividends	–	8	–	–
Total	**–**	**8**	**–**	**–**
Income from other securities and receivables that are fixed assets				
Dividends	18	2	2	2
Interest income	19	–	19	–
Dissolutions	–	18	–	–
Currency gains	–	0	–	–
Total	**37**	**20**	**21**	**2**

Other interest income and similar items of income				
Dividends	0	0	–	–
Interest	72	98	0	2
Interest - Group	–	–	6	41
Translation differences	18	49	–	–
Capital gains	–	2	–	–
Total	**90**	**149**	**6**	**43**

Interest expenses and similar expense items				
Interest	– 150	– 42	– 36	– 10
Interest - Group	–	–	– 58	– 50
Translation differences	–	– 87	–	–
Capital losses	–	– 6	–	–
Other	– 4	– 3	–	–
Total	**– 154**	**– 138**	**– 94**	**– 60**

TOTAL FINANCIAL ITEMS	– 27	40	– 67	– 15

CASH FLOW FROM ACQUISITIONS AND DISPOSALS

The market value of assets and liabilities that have been acquired in subsidiaries and the total cash flow generated through acquisitions is distributed as follows;

	Group	
	2001	2000
Intangible fixed assets	25	35
Tangible fixed assets	1	13
Financial fixed assets	11	–
Receivables	3	646
Liquid funds	3	23
Long-term liabilities	– 3	–
Short-term liabilities	– 26	– 646
Minority interests	–	– 18
Total purchase sum	**14**	**53**
Less: liquid funds in acquired group companies	– 3	– 23
Net cash flow from acquired group companies	11	30
Purchase sum – other acquisitions*	155	–
Cash flow from acquisitions (negative)	166	30

*Relates to the acquisition during the year of minority interests in subsidiaries.

The sale of subsidiary Jiway Holding Ltd, had a negative impact on Group liquid funds of SEK 145 m. During the year the subsidiary OM Technology Korea was also disposed of with a negative impact on cash flow of SEK 11 m.

ITEMS NOT AFFECTING CASH FLOW

Transactions relating to investment and financing operations that do not involve receipts and payments, despite the fact that they have an impact on the company's capital and asset structure, consist primarily of;

Investment operations	Group	Parent Company
Depreciation	– 359	– 26
Write-downs of other tangible assets	– 151	–
Write-downs of tangible assets	– 45	–
Change in deferred tax receivables	269	75
Goodwill acquired during the year	168	–

Financing operations		
Change in the provision for loss risks related to OM's employee stock option program	133	133

LIQUIDITY AND FINANCING

Interest-bearing net assets amounted to SEK –119 m (1,349) at the year-end. OM's interest-bearing financial assets amounted to SEK 2,013m (1,992) of which SEK 359 m consisted of financial fixed assets. Interest-bearing financial liabilities were SEK 2,132 m (643) of which SEK 55 m (55) were long-term.

Agreed credit facilities amounted to SEK 2,910 m (3,300) of which SEK 2,060 m (480) were utilized. Liquid funds totaled SEK 1,654 m (1,992) and consisted of short-term investments as well as cash and bank balances.

Stockholm, January, 2002

Olof Stenhammar
Chairman

Gunnar Brock

Jan R. Carendi

Thomas Franzén

Nils-Fredrik Nyblæus

Sven Nyman

Bengt Rydén

Per E. Larsson
President and Chief Executive Officer

We submitted our audit report on January 23, 2002

Björn Fernström
Authorized Public Accountant

Stephan Tolstoy
Authorized Public Accountant

Audit Report

To the general meeting of the shareholders of OM AB.
Corporate identity number 556243-8001

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of OM AB for the year 2001. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

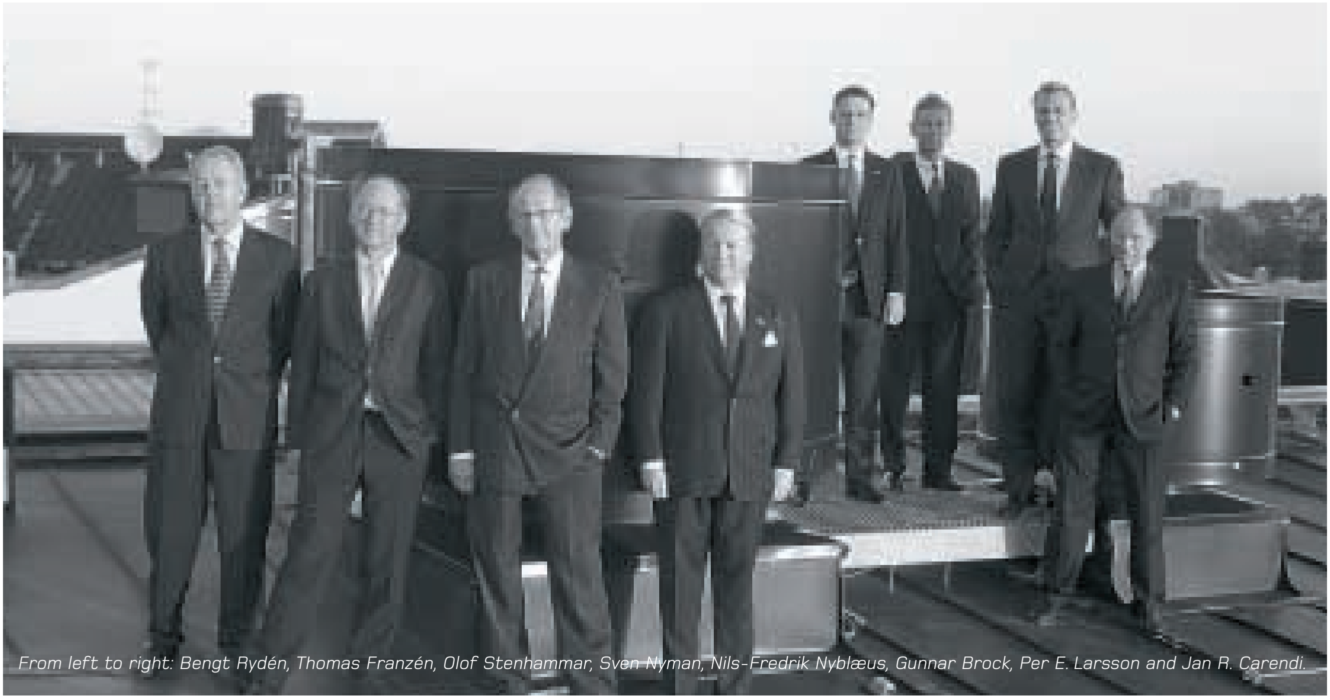
The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the financial position of the company's and the group's financial position and of the results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of the shareholders that the income statements and the balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, January 23, 2002

Björn Fernström
Authorized Public Accountant

Stephan Tolstoy
Authorized Public Accountant



From left to right: Bengt Rydén, Thomas Franzén, Olof Stenhammar, Sven Nyman, Nils-Fredrik Nyblæus, Gunnar Brock, Per E. Larsson and Jan R. Carendi.

Board of Directors

Olof Stenhammar
Born in 1941. Chairman of the Board. Member of the Board since 1984. Dr. Econ. H.C. Chairman of the Board of AB Ratos, AB Basen, Olympia-laget Våga Vinna, Stiftelsen Mentor Sverige and Hela Programmet AB. Member of the Board of Ledstiernan AB, LjungbergGruppen AB, Svenska Sjöräddningssällskapet, Ekonomi24 and Handelshögskolan's Advisory Board. Member of SNS Förtroenderåd and the Stockholm Chamber of Commerce. Shareholding in OM: 3,538,770 shares (held privately and through companies).

Sven Nyman
Born in 1959. Deputy Chairman of the Board. Member of the Board since 1999. Executive Vice President of Investor AB. Member of the Board of Gambro AB and Alecta. Shareholding in OM: 10,000 shares.

Gunnar Brock
Born in 1950. Member of the Board since 2001. Member of the Board of Lego AS, Pergo AB, Adcore AB and Insite AB. Partner in MVI (Merchant Venture Investments) and Fellow of the Swedish Academy of Engineering Science (IVA). Shareholding in OM: 0.

Jan R. Carendi
Born in 1945. Member of the Board since 2000. Ph.D. H.C. Deputy CEO of Skandia. Chairman of the Board of Skandia Liv and a number of other Skandia companies. Chairman of the Board of Anticimex. Member of the Board of Oriflame International SA and the Swedish-American Chamber of Commerce in New York. Shareholding in OM: 0.

Thomas Franzén
Born in 1945. Member of the Board since 1997. PhD in Economics. Director General of the Swedish National Debt Office. Chairman of the Board of the Swedish National Debt Office since 1997. Shareholding in OM: 0.

Nils-Fredrik Nyblæus
Born in 1951. Member of the Board since 2000. Executive Vice President and Deputy CEO of FöreningsSparbanken AB. Chairman of the Board of FöreningsSparbanken Företagskredit AB, FöreningsSparbanken Administration AB, FöreningsSparbanken Group Profit Participation Foundation (Kopparmyntet), Mandab AB and Danderyds Sjukhus AB. Member of the Board of the Association for the Development of Generally Accepted Accounting Principles, Alfaros AB, Swedish Bankers' Association, Marakanda Marknadsplats AB and Spintab AB. Shareholding in OM: 0.

Bengt Rydén
Born in 1936. Member of the Board since 1997. Ph.D in Economics. Chairman of the Board of Sjunde AP-fonden, Hallvarsson & Halvarsson AB and National Swedish Historical Museums. Deputy Chairman of the Board of the Association for the Development of Generally Accepted Accounting Principles. Member of the Board of Stockholmsbörsen AB, The Capital Market Group Foundation Sweden and Stockholm Institute for Financial Research Foundation. Fellow of the Swedish Academy of Engineering Science (IVA). Shareholding in OM: 7,921 shares (held privately and through companies), 20,000 warrants and 2,000 convertible debentures.

Per E. Larsson
Born in 1961. President and Chief Executive Officer. Deputy Member of the Board since 1995. Member of the Board since 1996. Shareholding in OM: 92,725 shares (including shares held by wife and children) as well as 33,400 warrants, 2,000 convertible debentures and 236,000 employee stock options (see page 60).

Board activities during 2001

The Board has held eight meetinga in 2001. Issues requiring special attention included the following:

- Stockholmsbörsen's fee structure
- Cost-efficiency program
- Jiway
- Corporate acquisitions etc.
- Contract negotiations with customers within Division Technology, including Hong Kong Exchanges, Borsa Italiana, NASD and SFE Corporation
- Finance policy
- Ethics policy
- Equal opportunity work
- New premises
- Group security policy
- Salary and remuneration principles, including employee stock option program
- Auditing and accounting issues
- Financial reporting and financial management of subsidiaries
- New management for Stockholmsbörsen

Three Board Committees are directly subordinate to the Board of Directors: the Presidium, the Auditing Committee and the Remuneration Committee. These Committees regularly present progress reports to the Board.

The Presidium

The Presidium is designed to simplify the work of the Board and add to its efficiency by preparing key issues as well as finalizing matters that the Board has submitted to the Presidium by special decision. The Presidium includes the Chairman of the Board, the Deputy Chairman and the Chief Executive Officer.

Members: Olof Stenhammar (Chairman), Sven Nyman and Per E. Larsson.

Auditing Committee

The role of the Auditing Committee is to assist the Board in matters involving external and internal auditing issues. Its tasks consist of maintaining continuous contact with both auditors and OM's Group controller, drawing up internal audit routines as well as ensuring that the recommendations, conclusions, observations and proposals of auditors and controllers, made upon completion of the audit process, are adhered to.

The Auditing Committee includes two Board members not employed by OM, together with OM's General Counsel. OM's auditor, with primary responsibility for the external audit, and OM's Group controller (internal audit function and CFO), are co-opted members as are other auditors as and when required.

Members: Bengt Rydén (Chairman), Hans Berggren and Sven Nyman.

Remuneration Committee

The role of the Remuneration Committee is to assist the Board in certain matters involving salaries and remuneration including the negotiation of salary and other remuneration for the CEO and Deputy CEO. In addition it proposes remuneration for the Board members within those OM companies indicated specifically by the Board, as well as proposing principles for salaries, salary benefits and other remuneration for OM employees.

The Committee consists of the Chairman of the Board, the Deputy Chairman as well as one other Board member not employed by OM.

Members: Olof Stenhammar (Chairman), Nils-Fredrik Nyblæus and Sven Nyman.

AUDITORS

Permanent

Björn Fernström

Authorized Public Accountant. Born in 1950. Ernst & Young AB.

Stephan Tolstoy

Authorized Public Accountant. Born in 1940. Öhrlings PricewaterhouseCoopers AB.

Deputies

Gunnar Widhagen

Authorized Public Accountant. Born in 1938. Ernst & Young AB.

Peter Clemedtson

Authorized Public Accountant. Born in 1956. Öhrlings PricewaterhouseCoopers AB.

Convertible debentures, call options and warrants each correspond to one share.
All information as of January 2002.

From left to right: Anders Reveman, Magnus Böcker, Kerstin Hessius and Per E. Larsson.

Management

EXECUTIVE MANAGEMENT

Per E. Larsson
President and Chief Executive Officer. Born in 1961. Employed since 1985. Shareholding in OM: see page 64

Magnus Böcker
Chief Operating Officer (COO) and Deputy CEO. Born in 1961. Employed since 1986. Shareholding in OM: 92,726 shares (held privately and through companies), 33,400 warrants, 2,000 convertible debentures and 226,000 employee stock options*.

Kerstin Hessius
President of Stockholmsbörsen. Born in 1958. Employed since 2001. Shareholding in OM: 25,000 employee stock options*.

Anders Reveman
Chief Strategy Officer (CSO). Born in 1944. Employed since 2000. Shareholding in OM: 30,000 employee stock options*.

TECHNOLOGY OPERATIONS

Roland Tibell
President, Financial Market Solutions and OM Technology Inc. Born in 1957. Employed since 1992. Shareholding in OM: 880 shares, 15,000 warrants, 2,000 convertible debentures and 27,000 employee stock options*.

Conny Andersson
President, Broker Services. Born in 1960. Employed since 1998. Shareholding in OM: 1 share, 1,000 convertible debentures and 2,700 employee stock options*.

Patrik Egervall
Senior Vice President, Global Head of Sales & Marketing. Born in 1962. Employed since 1988. Shareholding in OM: 1 share, 12,000 warrants, 2,000 convertible debentures and 22,500 employee stock options*.

Carl-Magnus Hallberg
President, Global Services. Born in 1966. Employed since 2001. Shareholding in OM: 3,000 employee stock options*.

Knut Johansen
Strategist, Energy Market Solutions. Born in 1958. Employed since 1996. Shareholding in OM: 1 share and 22,500 employee stock options*.

Ulf Lidman
President, Energy Market Solutions. Born in 1959. Employed since 2002. Shareholding in OM: 100 shares.

Joakim Roslund
Senior Vice President, Business & Financial Control. Born in 1964. Employed since 2001. Shareholding in OM: 1,500 employee stock options*.

EXCHANGE OPERATIONS AND XACT FONDER

Kerstin Hessius
See page 66.

Simon Nathanson
Executive Vice President, Stockholmsbörsen. Born in 1960. Employed since 1987. Shareholding in OM: 200 shares, 10,000 warrants and 21,000 employee stock options*.

Peter Cox
President, OM London Exchange. Born in 1947. Employed since 1993. Shareholding in OM: 15,950 shares, 15,000 warrants and 20,100 employee stock options*.

Stefhan Klang
President, XACT Fonder AB. Born in 1955. Employed since 2000. Shareholding in OM: 1 share, 3,000 warrants and 8,100 employee stock options*.

GROUP STAFF FUNCTIONS

Hans Berggren
Senior Vice President, General Counsel. Born in 1949. Employed since 1987. Shareholding in OM: 12,601 shares, 15,000 warrants, 2,000 convertible debentures and 14,400 employee stock options*.

Per-Jonas Carlsson
Senior Vice President, Business Development. Born in 1961. Employed since 1998. Shareholding in OM: 1,000 shares, 15,000 warrants, 4,000 convertible debentures and 1,500 employee stock options*.

Pernilla Djäken
Vice President, Human Resources. Born in 1967. Employed since 1999. Shareholding in OM: 5,100 employee stock options*.

Anna Eriksson
Vice President, Brand & Communications. Born in 1972. Employed since 2000. Shareholding in OM: 4,800 employee stock options*.

Jakob Håkanson
Vice President, Investor Relations. Born in 1968. Employed since 1999. Shareholding in OM: 2,000 convertible debentures and 4,800 employee stock options*.

Mats Myrsten
Group Controller. Born in 1956. Employed since 1988. Shareholding in OM: 1,001 shares, 6,000 warrants, 2,000 convertible debentures and 4,500 employee stock options*.

Stefan Widenfelt
Chief Financial Officer. Born in 1959. Employed since 1995. Shareholding in OM: 1 share, 15,000 warrants, 2,000 convertible debentures and 111,000 employee stock options*.

Anna Wilsson Lantz
Senior Vice President, Corporate Functions. Born in 1961. Employed since 1990. Shareholding in OM: 1 share, 6,000 warrants, 2,000 convertible debentures and 8,700 employee stock options*.

* For further information, see page 60. Convertible debentures, call options and warrants all correspond to one share each. All information as of January 2002.

Glossary

Spot
Securities that are paid for and delivered immediately. The most common form are equities.

Contract
When the seller and buyer agree on a transaction and a price, as well as other terms. In OM's systems solutions and on OM's exchanges, this takes place electronically.

Back-office-for-hire
A service that makes it possible for banks and brokerage firms to subcontract part of their administrative operations.

Clearing/guarantee functions
Clearing fundamentally involves off-setting claims and counter-claims between buyers and sellers. On OM's exchanges this also involves a guarantee which eliminates the counterparty risk in a securities transaction.

Derivative
A security that depends on the performance of an underlying asset, such as a share. The most common forms of derivatives are futures, options and forwards.

Issuers
Companies whose shares are listed on an exchange.

Energy markets
An energy market arises when buyers and sellers come together on an exchange and agree on a market price for an energy asset. Trading can be both financial and physical, i.e. the transaction can result in a payment or a supply of electricity.

Facility Management Services (FMS)
The sale of functional and operational services, e.g. to an exchange. With FMS agreements, OM assumes responsibility for IT-operations which means that the buyer does not need to develop its own IT expertise.

Hosting
Outsourcing of operations and supervision of business critical systems solutions.

Integrated solutions
Technical solutions that tie together transaction processes and participants, both internally and externally.

Market participants
This normally refers to brokerage firms and banks that carry out trading through exchanges. End-customers are called investors.

Marketplace/exchange
Historically, the physical location where buyers and sellers meet. Now a designation for the electronic process whereby buyers and sellers meet in a digital network and trade with each other.

Counterparty risk
The risk that a counterparty in a transaction will be unable to fulfil his obligations. In return for pledged collateral, OM's clearing operation guarantees obligations arising from derivatives transactions, thus eliminating counterparty risk.

Risk Management
Identification and management of the risks that arise in companies, from operational activities as well as securities trading.

Settlement
The general term for a series of administrative processes that have to be performed in order for a transaction to be concluded, as well as for documentation purposes.

Transaction technology
OM's core competence, which results from the combination of its market, exchange and technology expertise. Transaction technology is a competitive advantage, both in running marketplaces and developing systems solutions.

Sensitivity Analysis

SOURCES OF REVENUE – TECHNOLOGY OPERATIONS

OM has two main sources of revenue from its technology operations: Revenue from technology and systems sales and revenue from Facility Management services. In general, orders received for technology operations are recognized in revenue in relation to the degree of completion.

Revenue from technology and systems sales

Revenue from technology and systems sales (primarily within the Financial Market Solutions and Energy Market Solutions business areas), consists of license, project and support revenue.

As regards major systems solutions (to customers such as exchanges and clearing houses), license and project revenue is mainly fixed and recognized in relation to the degree of completion. Support revenue from these types of customers is mainly fixed with contracts running between one and five years in length.

As regards solutions to market intermediaries (e.g. banks and brokerage firms), license revenue is mainly variable and revenue recognition is on going, while project revenue is recognized in relation to the degree of completion. Support revenue from these types of customers is mainly variable with revenue recognition on an ongoing basis.

Revenue from Facility Management services

Revenue from Facility Management services (primarily within the Global Services and Broker Services business areas) is mainly variable and contracts run on a rolling basis of one year for solutions to energy markets and between three and five years for solutions to financial markets.

SOURCES OF REVENUE – STOCKHOLMSBÖRSEN

Stockholmsbörsen has three main sources of revenue: trading revenue, issuers' revenue and information revenue. See page 25.

Trading revenue

A change in value of one percent in the average daily equity trading volume (assuming an unchanged number of transactions) on Stockholmsbörsen would have a SEK +/- 2.4 m impact on Stockholmsbörsen's revenue. A change of 1,000 traded derivatives contracts per day on Stockholmsbörsen and OM London Exchange (assuming unchanged average options premiums and following the fee reductions introduced in February 2001), would affect total Stockholmsbörsen revenue by SEK +/- 1.5 m.

Issuers' revenue

Stockholmsbörsen's issuers' revenue is directly related to the market capitalization of those companies listed on the exchange. A ten percent change in the total market capitalization would have a +/- 4 percent impact on revenue, which corresponds to SEK 5 m on an annual basis.

Information revenue

Stockholmsbörsen sells trading information to over 50 Swedish and international information vendors. These disseminate information on to end users. Information vendors are invoiced quarterly in arrears.

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10-year Development Summary

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
REVENUE & EXPENSES										
Revenue	316	433	600	567	626	968	1,567	1,954	3,152	3,072
Revenue growth per annum, %	– 7	37	39	– 5	10	55	62	25	61	– 3
Operating expenses before depreciation	– 260	– 252	– 326	– 337	– 406	– 616	– 1,087	– 1,262	– 2,220	– 2,942
Operating income before depreciation (EBITDA)	56	181	274	230	220	352	480	692	932	130
Depreciation	– 11	– 10	– 17	– 20	– 28	– 37	– 105	– 169	– 229	– 583*
Operating income	45	171	257	210	192	315	375	523	703	– 453
Net financial items	76	75	75	163	150	84	105	80	40	– 16
Income after financial items	121	246	332	373	342	399	480	603	743	– 469
Operating margin, %	14	39	43	37	31	33	24	27	22	– 14
CAPITAL										
Shareholders' equity	730	913	1,134	1,354	1,479	1,613	2,740	2,808	2,986	2,257
Equity growth, %	9	25	24	19	9	9	70	2	6	– 24
Balance sheet total	1,492	1,687	1,764	1,773	1,803	2,309	3,486	4,123	5,505	5,985
Risk-bearing capital	924	1,138	1,366	1,610	1,570	1,709	2,935	3,007	3,156	2,421
Equity/assets ratio, %	49	54	64	76	82	70	79	68	55	37
Investments in equipment	5	11	22	65	42	44	79	100	336	409
IT developments – expensed R&D	32	30	33	51	64	83	87	175	287	289
RETURN ON CAPITAL EMPLOYED										
Return on shareholders' equity, %	14	28	28	27	21	20	14	16	25	– 1
EMPLOYEES										
Average number of employees	177	156	174	193	243	303	507	805	1,242	1,516
Total employee expenses	112	109	142	143	165	224	352	544	909	1,148
Revenue per employee	1.8	2.8	3.4	2.9	2.6	3.2	3.1	2.4	2.5	2.0

* Including write-downs

DEFINITIONS

Revenue Excluding premium revenue for options issued and payments received for futures sold.

Operating expenses Excluding premium expenses for options purchased and payments made for futures purchased.

Operating margin Operating income after depreciation as a percentage of annual turnover.

Shareholders' equity Taxed shareholders' equity as well as the portion of shareholders' equity contained in untaxed reserves.

Risk-bearing capital Shareholders' equity, price risk reserve (1989–1990), convertible debentures as well as deferred tax.

Equity/assets ratio Shareholders' equity in relation to the balance sheet total.

Investments Investments in leased equipment during the period 1990–1994 are not included.

Return on shareholders' equity Income after financial items, reduced by tax charged in relation to average shareholders' equity

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