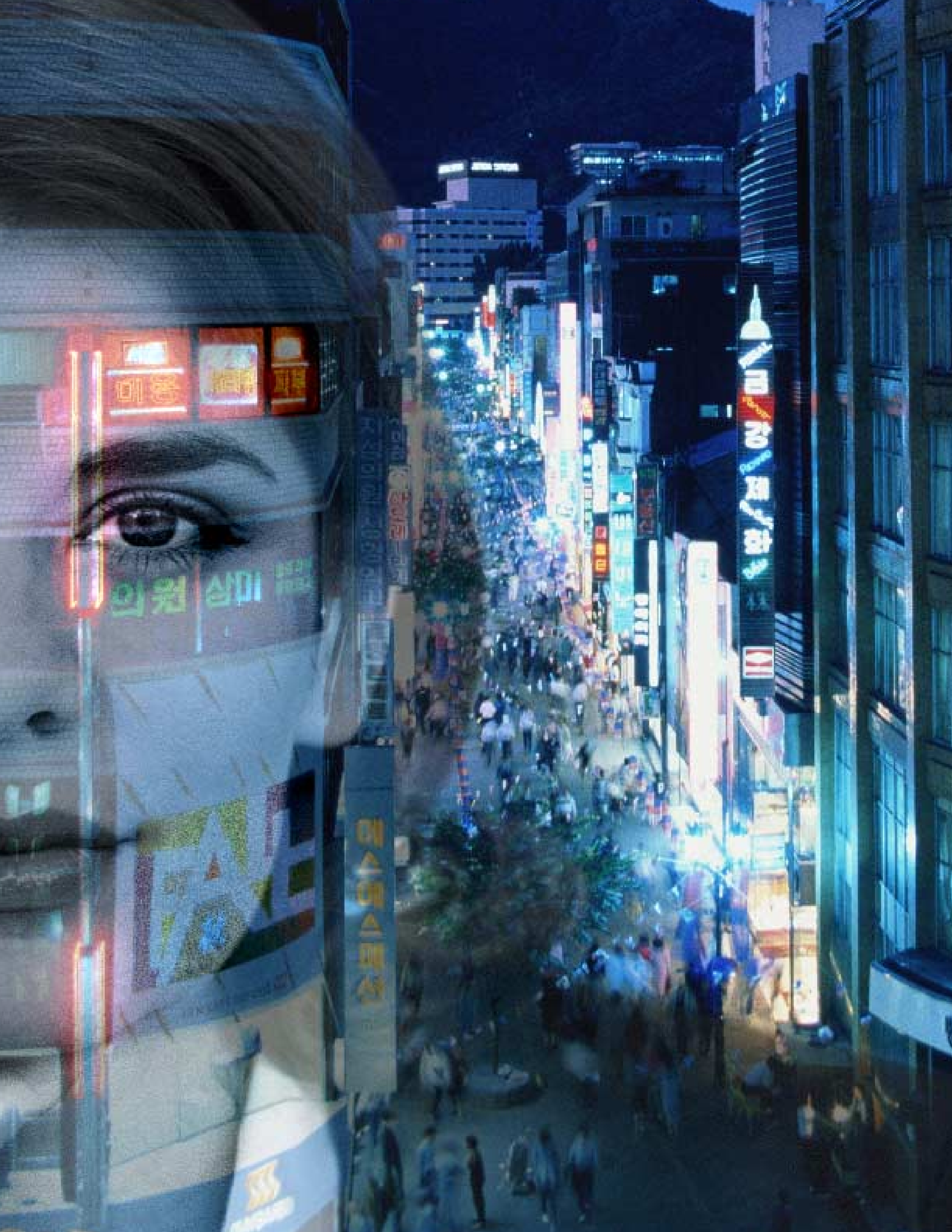
OM Annual Report 2002

OM creates efficient market solutions for customers on the world's financial and energy markets. The starting point for value creation is OM's core competence within transaction technology, OM's major competitive advantage.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The year 2002

This is OM

OM develops and operates systems solutions for companies on the world's financial and energy markets. OM also owns and operates exchanges and clearing houses. A knowledge-based company, OM's competitive strengths are firmly rooted in its unique core competence – transaction technology. OM has more than 300 customers and over 1 600 employees in ten countries.

Vision

OM's vision is to create value for shareholders and customers by providing the world's most efficient market solutions using its core competence in transaction technology.

History

Since its inception in 1984, OM has been a pioneer. In 1985 OM developed Northern Europe's first derivatives exchange and in 1987 OM became the first exchange in the world to be 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 sold the trading system used by the world's first electricity exchange. In 1998 OM acquired the Stockholm Stock Exchange. In 2002 OM received its first systems order for the new generation CSD platform – EXIGO CSD™.

Organization

OM's operations are divided into five business areas. The first four constitute OM's technology operations:

- Within Broker Services, OM provides systems solutions and back-office-for-hire services for banks and brokerage firms.
- Within Energy Market Solutions, OM develops systems solutions for marketplaces and participants on deregulated energy markets, and also owns and operates energy exchanges.
- Within Financial Market Solutions, OM develops systems solutions for exchanges, clearing houses, securities depositories, banks and brokerage firms.
- Within Global Services, OM operates exchange and clearing systems for exchanges and clearing houses around the world.
- Stockholmsbörsen is Northern Europe's leading exchange, offering trading in equities, fixed-income instruments and derivative products as well as clearing, listing and information services.

Associated companies and partnerships

OM is the largest shareholder in Orc Software, listed on Stockholmsbörsen. OM is also the largest owner of Helsinki Exchanges. OM owns EDX London together with London Stock Exchange. Together, Oslo Børs, Copenhagen Stock Exchange, Iceland Stock Exchange and Stockholmsbörsen run the NOREX exchange alliance.

Growth and profitability

OM's objective is to create long-term value through profitable growth. During the past five years OM's revenue has grown by an average of 22 percent per year, with a return on shareholders' equity of 11 percent.

The OM share

OM is listed on Stockholmsbörsen's A-list. OM has a total of 84 041 118 shares and more than 18 000 shareholders.

The year in brief

2002 was characterized by considerable uncertainty surrounding the global economy. Against a backdrop of weakened demand in all of the markets on which it operates, OM continued to adapt its operations through cost-reduction measures. However, despite continued weak market conditions, the last quarter saw a number of positive business developments. Thanks to the group-wide cost-reduction program and the closure of Jiway, OM's operating income increased in 2002, despite lower year-on-year revenues.

Earnings development

OM's revenue fell by 14 percent to SEK 2 640 m (3 072) during 2002. Revenue from OM's technology operations totaled SEK 1 899 m (2 265), with sales negatively affected by postponed IT investments by customers in both the financial and energy market sectors. Stockholmsbörsen's revenue fell to SEK 965 m (1 158), primarily due to falling share prices and lower equity trading turnover.

Income before depreciation in OM's technology operations totaled SEK 169 m (236), which includes SEK 75 m (95) from the sale of shares in Orc Software. Income before depreciation in Stockholmsbörsen amounted to SEK 348 m (303).

Group income before depreciation increased to SEK 304 m (130) during the year, including items affecting comparability of SEK -127 m (-257). Group operating income was SEK -24 m (-453), including items affecting comparability of SEK -132 m (-481). Income after financial items totaled SEK -56 m (-469) and net income after tax for the year amounted to SEK -71m (-25).

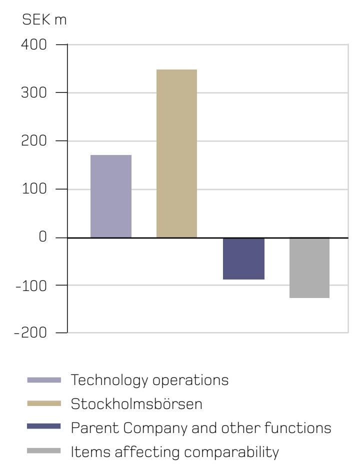
Financial position

OM's total assets were SEK 4 920 m (5 985) at the year-end. OM's equity/assets ratio increased to 41 (37) percent. At the end of the year the Group's interest-bearing net debt had increased to SEK 669 m (119).

Significant events – 2002

- OM and London Stock Exchange formed EDX London, a new international marketplace for trading and clearing equity derivatives.
- OM received a number of important orders within technology operations including Nord Pool, Australian Stock Exchange, London Stock Exchange, WestLB Panmure and Vanguard Brokerage Services.
- The year-end order value in technology operations was SEK 3 118 m (3 599).
- OM opened three additional operating hubs in Sydney, New York and Stockholm.
- Daily equity trading turnover on Stockholmsbörsen fell 32 percent, while the number of transactions fell 7 percent during the year.
- The number of derivatives contracts traded on Stockholmsbörsen and OM London Exchange fell 3 percent during 2002, while the average equity option premium fell 50 percent.
- A series of cost-reduction measures was implemented across the Group.
- Jiway was closed down.
- Investments in research and development decreased to SEK 254 m (394).
- OM developed EXIGO CSD™, an automated system for registering, bookkeeping, clearing and settling financial instruments.

INCOME BEFORE DEPRECIATION – 2002



Dear Shareholders

Allow me to begin with some personal reflections on year-end statements.

I used to wonder who actually read all of the Chairman and CEO's statements contained within the deluge of annual reports. In the past I rarely received any feedback on what I had written. In recent years, however, this has changed significantly. Shareholders and other interested parties increasingly get in touch. Questioning. Wondering. Perhaps people show more interest when times are tough. They need answers.

Whatever the case, for our statements to be of any value and guidance, they must be characterized by honesty and balance. Trust and confidence lie at the very heart of today's corporate debate. Business executives must lead by example and to a great extent both the Chairman and CEO's statements set the tone for the entire company.

Entrepreneurs are often led by an unwaveringly optimistic view of the future. At least, this is the case where I am concerned. There has to be faith in one's own, and the company's, ability to ride out the storms that arise from external events and, on occasion, from one's own actions. However, this faith must be founded on reality. Problems do arise. Good leadership manifests itself in the way problems and obstacles are dealt with.

OM has come through two difficult years. Years when things did not always go as planned. One of the company's largest and most promising investments to date – Jiway – was forced to close after market conditions changed dramatically. Understandably, in hindsight, the investment in Jiway can be viewed as a big failure. At the same time we saw trading volumes on Stockholmsbörsen continue to fall throughout 2002 and demand for systems solutions weaken.

Difficult conditions are not unusual in the corporate world. They're the rules of the game. They also require decisive, focused action on the part of the Board of Directors and management. As Chairman I can state with satisfaction that

OM's management and personnel have implemented the considerable cost-reduction measures prescribed in 2002 with great confidence and determination. However, it needs to be said that a continued decline in the markets may necessitate further, similar measures. The highest priority for OM's Board of Directors during the coming year is to restore the company to a position of profit.

We live in a changeable world. A world that OM has, to a great extent, been involved in changing. OM must therefore continue to actively participate in the strategic structural transformations that are taking place in Sweden and abroad. Work must continue to find a solution for the Nordic financial infrastructure. This includes the development of Nordic counterparty clearing, CCP, which is of great importance for OM and Stockholmsbörsen. A common CCP platform will position the Nordic region to offer a cost-effective capital market that can continue to compete with international markets in the future.

OM also took an important step in Europe during 2002. We embarked on a joint venture with London Stock Exchange to create EDX London, the jointly owned derivatives exchange based on the operations of OM London Exchange and OM's systems. Naturally we hope that the scope of this partnership will be extended in the coming year.

Within its technology operations, OM has also made decisions regarding investments in the development of the next generation trading and clearing systems. I am convinced that OM will be in a strong position when market conditions begin to improve.

Throughout 2002 there has been an ongoing debate surrounding general confidence issues in relation to Swedish trade and industry. Financial and capital markets, with Stockholmsbörsen at the center, have not escaped criticism. Since OM's inception, confidence issues have been a key focus for the Board of Directors. I do not believe that confidence can be created simply through a comprehensive regulatory framework. Confidence is created primarily through the behavior of individuals in their daily actions. Meanwhile, the leading institutions, including Stockholmsbörsen, must take these criticisms seriously and strive towards continually renewing and improving themselves.

Stockholmsbörsen is central to the self-regulatory structure of the Swedish financial and capital markets and it is, I believe, extremely effective by international standards. However, self-regulation does require all market participants to take responsibility for their role through unambiguous, decisive actions. There are currently strong voices within the EU in favor of increased centralized regulation, despite the negative aspects of the more tightly and centrally regulated US.

As far as OM is concerned, confidence is partly related to our ability to deliver a sustainable level of return and growth. I would like to emphasize that OM should continue to be perceived as a growth company. We have a strong position on markets that demonstrate high levels of growth over time. However, growth should not be an end in itself. It can only be justified when linked to a high return. This is something that OM must live up to!

I hope that in this statement I have managed to communicate something of the entrepreneur's positive, but realistic, view of the company.

Stockholm, February 2003

Olof Stenhammar
Chairman and founder

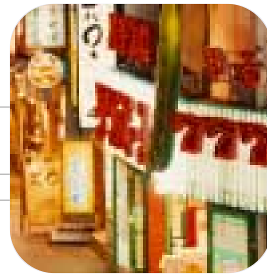
A difficult year

Last year was a difficult and turbulent year for OM's shareholders. Naturally, the same can be said about OM's employees and those of our customers who have been harder hit than we have by the global recession. Not since 1931 has the stock market fallen so dramatically. During 2001 Stockholmsbörsen's OMX index fell by 20 percent – only to fall a further 42 percent in 2002. Both trading turnover and turnover velocity on Stockholmsbörsen fell over the year. Furthermore, companies on the financial and energy markets were highly cautious about their technology investments.

With demand weaker on all of OM's markets, OM's revenue consequently sank as a result. The revenue decrease was 14 percent, compared to last year. We were, however, able to counterbalance this decrease by an even greater degree of cost reduction – 24 percent to be exact.

Efficiency measures

Our cost-reduction work has, among other things, involved increasing efficiency, reducing capacity and re-evaluating planned investments. This started in spring 2001 when we launched our first cost-reduction program. Adapting to lower demand levels has been a difficult process, but it has also reaped rewards. Towards the end of 2002 we had succeeded in reducing OM's operating expenses per employee by 32 percent, in just over 18 months. One of the most significant components of our cost-reduction program was our decision to close Jiway. As it became apparent very early on, the timing of the launch of Jiway – the world's first fully-integrated stock exchange – could not have been worse. It also became apparent early last year that Jiway needed to improve its financial performance immediately. When this did not happen, based on our



perception of market developments, we could not justify the financial support of these operations. Naturally, it feels sad to admit that the project we had so much faith in three years ago did not succeed in the end. However, I am convinced that future trading platforms will be developed where the functionality that was offered by Jiway will be the basis for integrated and cost-efficient cross-border retail trading.

Long-term growth

I am convinced that the long-term growth on our markets will continue to be supported by driving forces such as globalization, standardization and technical developments. Turnover on Stockholmsbörsen is at the same level as it was during the bull market of 1999, despite falling indices. Annual Swedish equity trade growth has been 32 percent over the past ten-year period. The underlying need for transaction technology has also continued apace among the world's financial players. Technology developments form the basis of increased efficiency and greater competitive strength in an increasingly competitive world. Financial markets are going through a number of major changes, of which outsourcing and standardization of technology are two examples. Looking at all of these factors I am convinced that there will be a huge demand for OM's products and services in the future and that we are well positioned to continue to gain market share and grow profitably.

Strategic partnerships

During the year we have also been active in developing strategic partnerships, which aim to lead to further growth. One such example is EDX London, an exchange for trading and clearing international equity derivatives that we formed during 2003 in collaboration with London Stock Exchange (LSE). Unlike the Swedish market, the British derivatives market does not have a strong tradition of trading equity options. EDX London is based on the operations of OM London Exchange (OMLX), which already offers trading and clearing of Scandinavian equity derivative products.

Stockholmsbörsen's derivatives operations will be enhanced by the link with EDX London in the form of increased distribution capacity and trade. EDX London has great potential, and with our 24 percent stake we will be in a position to gain value from future growth. At the same time it is natural that LSE, with its inherently strong position in London, is assuming the greatest ownership responsibility. It is our hope that this partnership will further strengthen our commercial relationship.

Another important partnership announced at the end of the year is with Nord Pool, the Nordic electricity exchange. Through its agreement with Nord Pool, OM assumes responsibility for providing and operating Nord Pool's clearing services, based on our SECUR™ clearing system. The agreement considerably strengthens OM's position on the Northern European energy market.

The Scandinavian financial market already has a functioning partnership through the NOREX exchange alliance. During 2002 Oslo Børs introduced trading on the joint trading platform SAXESS™ – a system developed by OM. Now, trading on the exchanges in Copenhagen, Oslo, Reykjavik and Stockholm takes place in one common system. Both Stockholmsbörsen's collaboration on the spot market through NOREX, and the Scandinavian exchanges' cooperation with EDX London for trading and clearing equity derivatives, have been made possible thanks to OM's systems. This network philosophy combines the advantages of independent domestic exchanges and the benefits of larger

marketplaces with a greater variety of instruments and better liquidity. For Stockholmsbörsen, working within the NOREX framework on the development of a common Nordic platform for central counterparty clearing is a priority. Central counterparty clearing will consolidate both Stockholmsbörsen and NOREX's competitive position in relation to the rest of Europe. All of the major European exchanges have now introduced counterparty clearing, which has resulted in improved liquidity and increased turnover.

Confidence issues

Another important issue for Stockholmsbörsen is confidence. In 2002 there was much heated debate surrounding confidence issues in relation to the entire financial market. Confidence is one of the fundamental prerequisites for a marketplace to function properly. During 2002 Stockholmsbörsen's Disciplinary Committee, the independent body responsible for taking action against listed companies, banks and brokerage firms that have acted in breach of Stockholmsbörsen's rules and regulations, dealt with more cases than in any other year to date. However, according to a confidence survey of the market itself, commissioned by Stockholmsbörsen, the most important factor affecting confidence is an efficient trading system and a neutral position towards companies and members. In both these areas Stockholmsbörsen scored a high rating. The third most important aspect for instilling confidence is the way in which regulatory breaches are dealt with. In this area Stockholmsbörsen's rating was weak, despite its many market supervisory activities. Actions, and successfully communicating these actions, are naturally a top priority for Stockholmsbörsen. Other prioritized areas are transparency, both as regards the company's accounting and market functions. My objective is for Stockholmsbörsen to instill the highest confidence in both the general public and among institutional investors.

A competitive exchange

Average daily equity turnover on Stockholmsbörsen fell from SEK 16 billion to SEK 10.8 billion during 2002. Two contributory factors were the major share devaluations of Ericsson and ABB. However, on a more positive note the turnover velocity for equity trading of 122 percent remains high from an international perspective. Within derivatives trading the number of derivatives contracts traded fell by 3 percent. At the same time the average option premium was 50 percent lower for the most important derivatives product, the equity option, which had a direct impact on revenue.

However, despite the difficult stock market year, according to a number of independent surveys Stockholmsbörsen still has the lowest trading fees in Europe. This would suggest that Stockholmsbörsen is one of Europe's most efficient and competitive exchanges. To be efficient and competitive requires rational management of orders and transactions where, as an exchange, one evaluates which part of the operations are best performed in-house and which should be outsourced. Stockholmsbörsen is a good example of the model of employing a supplier that assumes total responsibility for the exchange's technology solutions and thereby increases efficiency and competitive strength. According to the above-mentioned confidence survey carried out by Stockholmsbörsen, technology and trading systems are the single most important factors for instilling confidence in the marketplace. They were also the factors for which Stockholmsbörsen received its highest rating, 4.2 out of 5, something we are happy and proud of.

Deferred technology investments

OM's technology markets have also been affected by declining markets. The fact that many customers have postponed their investment decisions is evident from the fact that OM's total order value has decreased by 13 percent, year-on-year. However, the year did end on a positive note with an increased order value during the fourth quarter and with two important deals, EDX London and Nord Pool. Nevertheless we are continuing to anticipate weak levels of demand during 2003 and if this is the case we will continue to work as we did in 2002, focusing on adapting our resources to be prepared, and not lose unnecessary ground, when markets start to recover.

OM's technology operations currently have an order value of over SEK 3 billion. This means that we have customers and commitments that will generate revenue for some time to come. In parallel with adapting and increasing the efficiency of our operations we have also been concentrating on improving our customer relationships and our offering. Our objective is to create long-term partnerships and relationships with our customers – repeat business is the highest accolade OM receives. For this reason it is satisfying to see customers such as Australian Stock Exchange, Borsa Italiana and Nord Pool continuing to choose OM as their technology provider. New customers during the year included Länsförsäkringar Bank, Bayerische Landesbank and Vanguard Brokerage Services.

Strategic cornerstones

OM's strategy is based on being a knowledge-based company with the unique competence we call transaction technology. OM's offering is built on the cornerstones of our brand, our technology and our unique expertise. Within the framework for all of our business areas, we are constantly working to strengthen OM and Stockholmsbörsen as brands, to develop new functionality and software and to increase the competence and experience of our employees. As a knowledge-based company we are working continuously towards improvement, and improving customer relations is central to this. Business strategies are then broken into separate business areas where proximity to both customer and market consolidate OM's competitive strengths.

The uncertainty surrounding today's global economy makes it difficult to make any qualified short-term market evaluations. However, both my colleagues and I intend to continue to build for the long-term – for competitive strength, gaining market shares and reporting acceptable profitability after two years of losses. We are working hard to establish new customer relations while simultaneously developing our existing ones. We implemented a number of powerful measures in 2002 in response to weaker demand, at the same time as we gained market shares and consolidated our position on a number of important markets. Which is why I still believe that our most interesting deals are out there, waiting for us.

Per E. Larsson
President and Chief Executive Officer

Strategy and operations

Strategy and business model

OM creates value for customers by providing efficient market solutions based on its core competence within transaction technology. This is also the basis for OM's business model, allowing customers to choose between different levels of operational and service involvement.

OM's business concept is to create innovative solutions for efficient transaction and risk management built on leading technology and business relations that create value. OM's vision is to create value for shareholders and customers by providing the world's most effective market solutions through its core competence in transaction technology.

OM's strategy – key cornerstones

Brand, technology and knowledge are all key assets, or cornerstones, of OM's strategy.

OM's brand is a highly significant part of the company's structural capital, that is, capital that is not linked to individual employees. Strong brands are born of manifold and extensive business relationships with OM's former and existing customers. A strong brand is central to creating confidence, customer security and opportunities for growth.

Technology, primarily software, developed by OM over a long period of time, also represents an important part of the company's structural capital. OM has been a technical pioneer in many market sectors and has distinct advantages over many of its competitors.

OM is a knowledge-based company. The unique and advanced competence of OM's employees constitutes the company's knowledge, or human, capital. With over 1 600 employees OM has guaranteed its ability to retain important knowledge and expertise within the company.

OM's core competence – transaction technology

Transaction technology is OM's core competence, the collective competence that arises at the intersection between the different areas of expertise that OM's employees represent. This combination of technical know-how, extensive industry expertise from different financial and energy markets and years of experience in operating exchanges, clearing activities and other transaction-related operations, enables OM to create unique value for customers.

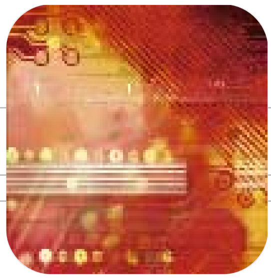
Integrated solutions

OM provides a broad range of products and services that deliver integrated and complete solutions and increase efficiency along the entire transaction chain. OM's systems solutions have open systems architecture and facilitate integration between different types of systems and markets.

Business model

Put simply, OM's business model comprises different levels of operation and service involvement:

1. OM develops and provides systems solutions.
2. OM can also take responsibility for the operation of delivered systems solutions.
3. OM is also responsible as owner or partner for the operational aspects of a business, such as an exchange.



Core competence within transaction technology is the basis for adding value at each level of the business model, such as the interaction between development and facility management services. To a great extent OM's strategy builds on integration along the entire value chain.

1. OM provides systems solutions

OM's proven products form a "tool box" from which unique customer solutions are created. Systems solutions are primarily developed within the business areas Financial Market Solutions, Broker Services and Energy Market Solutions.

After OM has developed and delivered a systems solution, the customer licenses the right to use the software. The license fee that OM subsequently receives is often fixed, but it can also be volume based, which means that OM shares the market risk.

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 usually invoiced continuously according to degree of completion. When a systems solution is delivered OM undertakes to improve and develop the solution on an ongoing basis, for which it receives recurring support revenue. See sensitivity analysis on page 86.

2. OM also manages the operation of a systems solution

OM can also be responsible for the ongoing technical operation of a systems platform. In such cases earnings are based on operational efficiency and economies of scale. A systems solution earns OM, within the business areas Global Services and Broker Services, a recurring revenue, Facility Management Services, that can be both fixed and volume based.

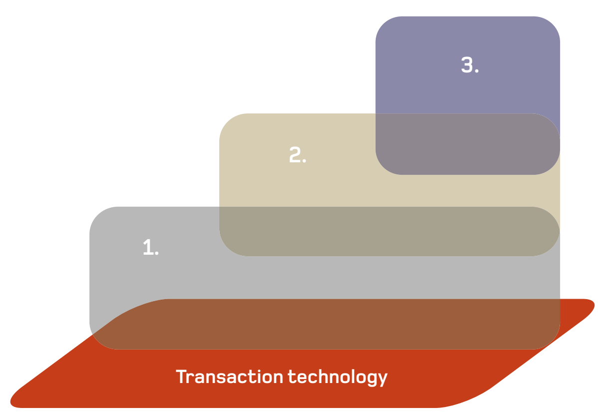
3. OM assumes full responsibility for the operational services of a business

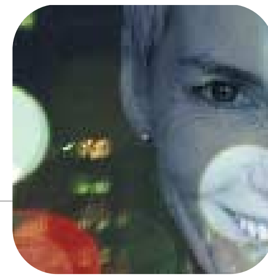
As either partner or owner, OM can participate in all or parts of the operational responsibility of a business, such as an exchange. The prerequisites for this are that OM's transaction technology can enhance operations and result in a higher rate of return. OM's subsidiary Stockholmsbörsen is one example. With access to OM's transaction technology Stockholmsbörsen has evolved into one of the world's most efficient exchanges with a unique combination of low trading fees and high profit levels. Another example is EDX London, the international equity derivatives market that OM will open in 2003 together with London Stock Exchange. The primary revenue sources from exchange operations are trading revenue, issuers' revenue and information sales revenue. See sensitivity analysis on page 86.

Aiming for profitable growth

Over the past five years, OM has experienced an average annual revenue growth of 22 percent while return on shareholders' equity has averaged 11 percent. OM's aim to create profitable growth is the basis for its most fundamental objective – generating value for shareholders.

BUSINESS MODEL




OM operates in growth markets

The past two years of economic decline have not altered the fact that OM operates on growth markets. A number of key external factors are central driving forces on the world's financial and energy markets today:

- More widespread saving in equities, increasingly sophisticated equity trading and new trading patterns are key factors behind growth, not only as regards Stockholmsbörsen but also when it comes to an increased need for infrastructural systems solutions around the world.
- Intensified competition on the world's financial and energy markets is creating a demand for increasingly flexible and efficient trading solutions.
- The consolidation and structural developments on today's financial and energy markets create opportunities for more cost-effective and large-scale operations in pace with the increased demand for new integrated systems solutions.
- Deregulation and harmonization trends are key drivers for growth on the world's financial and energy markets.

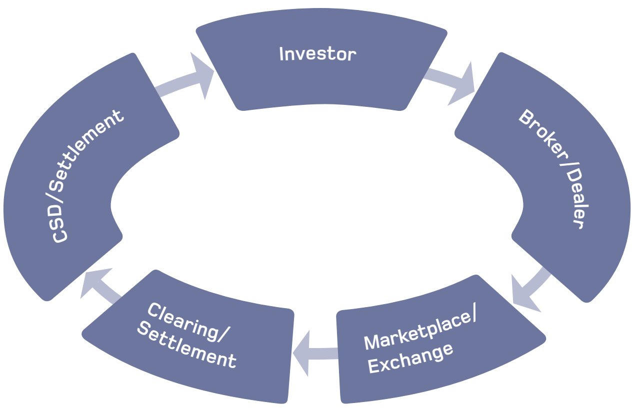
International customer focus

To be able to work more closely with customers, OM has built up an international sales and support network during recent years. A local presence is particularly important when it comes to support. Today OM has sales and support offices in 10 countries.

OM's operations

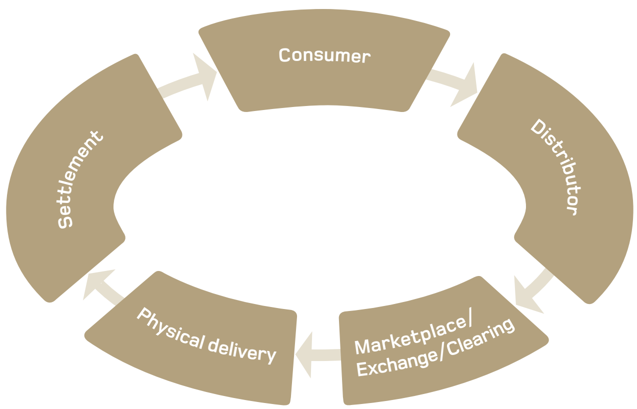
OM's customers act in a world characterized by rapid change, intensifying competition and uncertainty. They need innovative suppliers and partners who understand their requirements – suppliers and partners who can also demonstrate their extensive experience in providing successful business solutions.

OM has more than 300 customers in ten countries. A considerable number of these customers have chosen to co-operate with OM for many years. This is primarily because OM's solutions have increased the efficiency of their operations, and made them more profitable and competitive. Transaction technology is ultimately about shortening each stage of a transaction and lowering its costs. OM's business solutions enable customers to optimize transaction management and drive change in their areas of operation, regardless of whether they are an exchange, clearing house, bank, brokerage firm or energy market participant. One example is Stockholmsbörsen, OM's wholly owned subsidiary which has become one of the world's most modern and efficient exchanges, largely thanks to OM's operational and systems solutions.



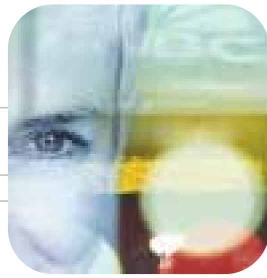
FINANCIAL MARKETS – A TRANSACTION CHAIN

This is one way of illustrating the transaction chain for financial markets, such as the equity market. OM offers a broad range of systems solutions for companies along the entire transaction chain on financial markets.



DEREGULATED ENERGY MARKETS – A TRANSACTION CHAIN

This is one way of illustrating a transaction chain for a deregulated energy market such as the electricity market. OM offers a broad range of systems solutions for companies along the entire transaction chain on energy markets.



Solutions together with the customer

Market conditions and the competition faced by OM's customers change all the time. New participants appear. Demand increases for new and increasingly open solutions. Deregulation creates new opportunities. New technology challenges established solutions at the same time as markets become increasingly borderless.

For OM this means continuously seeking new ideas and opportunities within OM's core competence – transaction technology. OM's experience in operating exchanges and clearing houses, combined with OM's broad customer base on the world's financial and energy markets, means that OM understands customers' existing and potential business activities. By using this collective expertise and experience OM can develop ideas that stretch boundaries and deliver tomorrow's solutions today. Just one example from 2002 is OM's new system, EXIGO CSD™, the groundbreaking automated central securities depository system for registering, bookkeeping, clearing and settling financial instruments.

> "Transaction technology is largely about shortening transaction times, from beginning to end, and decreasing transaction costs to the lowest level possible."

New business opportunities remove boundaries between participants

Each individual financial and energy market participant has its own transaction chain where specialist intermediaries manage each component. On the financial markets these can be investors, banks, brokerage firms, exchanges, clearing houses or securities depositories. On the energy side, they include end-customers, distributors, physical suppliers and clearing houses. All of these intermediaries play an important role in the transaction chain. On these markets OM's core competence is applicable regardless of where in the transaction chain the customer happens to be and regardless of the type of product being traded.

Deregulation and demutualization of exchanges are stretching the boundaries along the transaction chain. Exchanges, for example, are running back-office operations. This creates new business opportunities that OM can pass on to customers through the solutions it provides.

With regard to exchange and back-office operations OM can provide integrated solutions for both of these areas through its broad competence and product portfolio. Another example is the matching functionality contained within OM's solutions that can be used by both banks and exchanges. These broad-based solutions also mean that customers can rely on fewer suppliers – and thus reduce costs substantially.

Operations and organization

OM develops and operates systems solutions for companies on the world's financial and energy markets, and also owns and operates exchanges and clearing houses. OM's operations are divided into five business areas, of which the first four constitute OM's technology operations:

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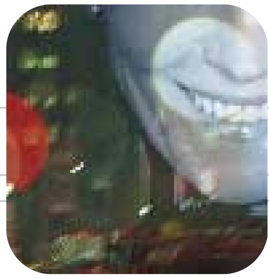
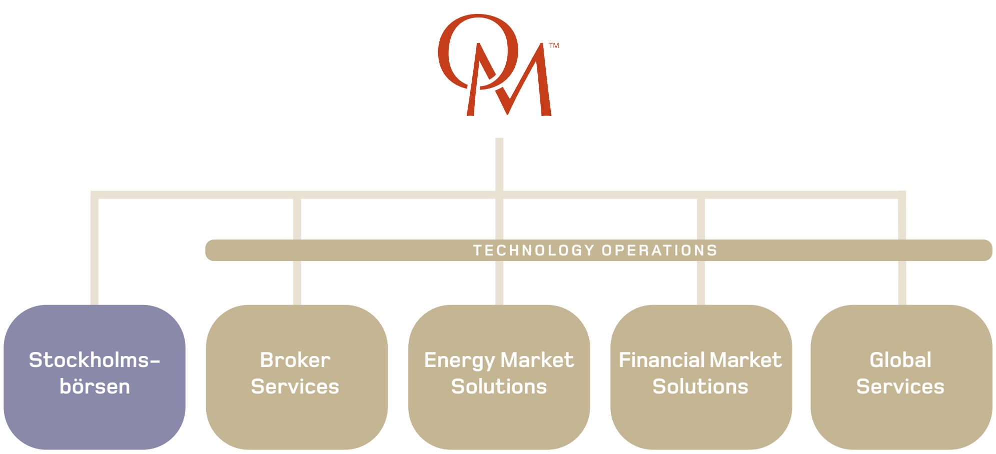


- Within Global Services, OM operates systems for exchanges and clearing houses throughout the world.
- Stockholmsbörsen is Northern Europe's leading exchange, offering trading in equities, fixed-income and derivative instruments as well as clearing, listing and information services. Stockholmsbörsen operates under its own brand, but is owned 100 percent by OM.



SEK m	REVENUE 2002	REVENUE 2001	OPERATING INCOME BEFORE DEPRECIATION 2002	OPERATING INCOME BEFORE DEPRECIATION 2001
Broker Services	287	376	40	-108
Energy Market Solutions	292	299	-40	69
Financial Market Solutions	793	1050	220	386
Global Services	411	439	66	20
Other items and eliminations*	116	101	-117	-131
Technology operations – total	1899	2265	169	236
Stockholmsbörsen	965	1158	348	303
Other items and group eliminations*	-224	-351	-213	-409
GROUP TOTAL	2640	3072	304	130

* Parent company and other functions as well as group eliminations, see page 49-51.

Technology operations

OM provides systems solutions for companies operating on financial and energy markets. These solutions are based on OM's collective expertise in operating and developing systems solutions for exchanges, clearing houses, securities depositories, banks and brokerage firms as well as participants on the energy markets.

All OM systems are built on open architecture and offer maximum flexibility and scalability. With OM as supplier, customers benefit from an established solution that facilitates long-term development of their operations without being limited by technology.

OM's systems solutions are characterized by flexibility, both in terms of functionality, capacity and ability to handle different types of products. The systems can support both order-driven trading and market maker trading, in both electronic and floor-based trading models. In terms of capacity OM's systems solutions meet the requirements of any of the world's exchanges, banks or brokerage firms.

Product development

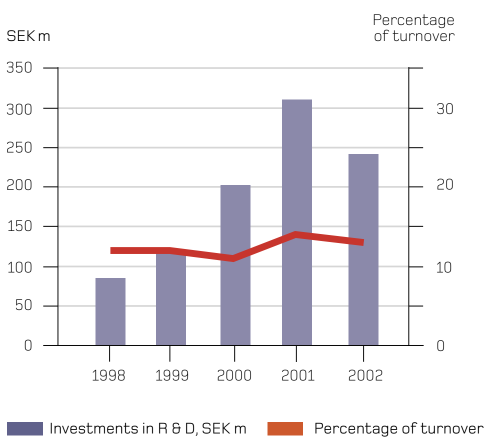
OM's products form a "tool box" that creates optimal business solutions to meet the requirements of individual customers. Each year OM invests extensively in research and development to develop core competence within the company while securing its position as market leader. Development is as much about creating new products as it is about adding new functionality to existing platforms and products – the tool box keeps growing.

Investments in R&D within OM's technology operations in 2002 amounted to SEK 240 m (309), equivalent to 13 (13) percent of revenue.

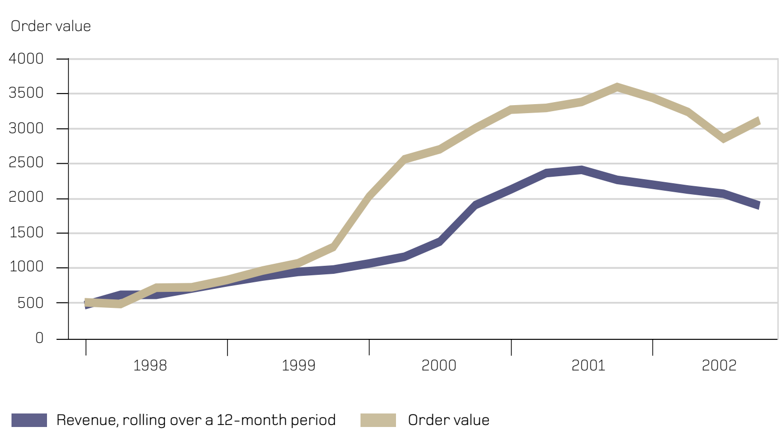
Competitive advantages – customer benefits

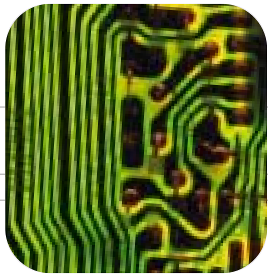
OM's products, solutions and services within the area of technology are aimed at increasing the efficiency – and profitability – of customers' operations. OM has acquired the necessary expertise for developing such solutions through its long-term partnerships with customers within different areas of the world's financial and energy markets,

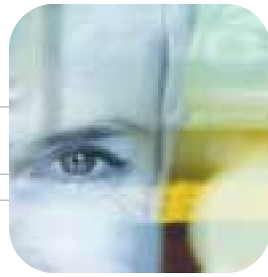
INVESTMENTS IN R&D IN TECHNOLOGY OPERATIONS



REVENUE AND ORDER VALUE IN TECHNOLOGY OPERATIONS







in combination with its knowledge of operating exchanges and clearing houses. Experience from many years of operating mission-critical systems, such as exchange and clearing systems, has given OM extensive insight into operational processes, accessibility requirements, flexibility and efficiency. This collective expertise is one of OM's primary competitive advantages.

Another competitive advantage is the efficient business model that OM works with, which includes short – and guaranteed – delivery times.

Income and growth

Growth within OM's technology operations has been high when viewed over the past few years. In the last five years, technology revenue has grown by 38 percent per year on average. During 2002 however, revenue fell 16 percent to SEK 1 899 (2 265), primarily due to weaker markets, postponed investment decisions by customers and lower internal sales levels. Operating income before depreciation totaled SEK 169 m (236), including SEK 75 m (95) from the sale of shares in Orc Software as well as SEK -64 m (-34) in losses at the electricity exchange UKPX. The total value of OM's technology orders at the year-end amounted to SEK 3 118 m (3 599).

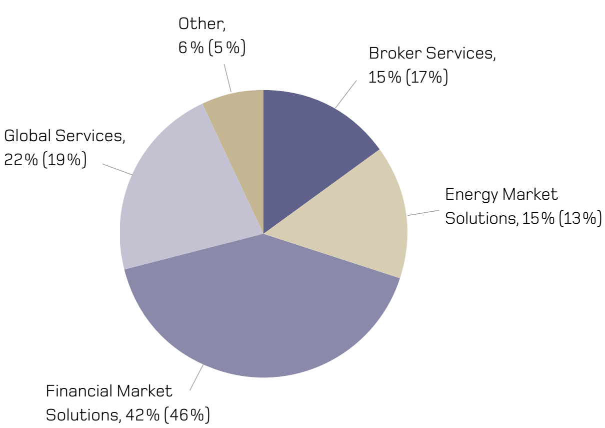
New business areas

During 2002 OM's technology operations were organized into four business areas: Broker Services, Energy Market Solutions, Financial Market Solutions and Global Services.

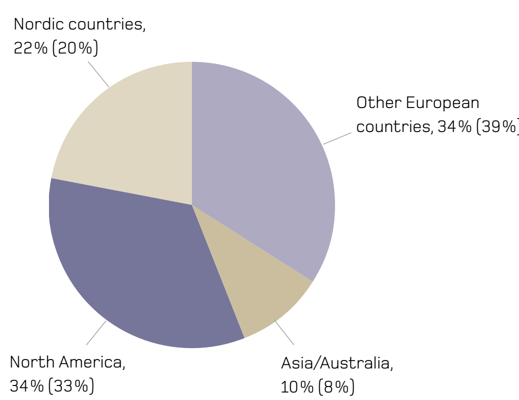
At the start of 2003 OM decided to form a new business area, Banks & Brokers. The new business area is based largely on the operations of Broker Services as well as the operations within Financial Market Solutions that develop solutions for banks and brokerage firms. Furthermore, during the course of 2003 OM intends to change the names of Financial Market Solutions and Energy Market Solutions to Financial Markets and Energy Markets respectively.

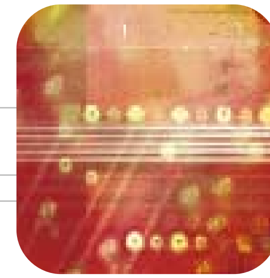
In this annual report however, the business areas are presented as they were during the financial year, 2002.

REVENUE PER BUSINESS AREA – TECHNOLOGY OPERATIONS

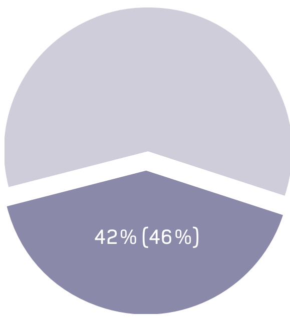


REVENUE PER GEOGRAPHICAL REGION – TECHNOLOGY OPERATIONS





Financial Market Solutions



Revenue from the Financial Market Solutions business area represents 42% of revenue from technology operations.

Within the business area Financial Market Solutions, OM develops systems solutions for transactions in all types of financial instruments. Customers are primarily financial exchanges, clearing and settlement organizations as well as banks and brokerage firms.

Revenue and income

Revenue within Financial Market Solutions in 2002 amounted to SEK 793 m compared with SEK 1 050 m the previous year. Income before depreciation totaled SEK 220 m (386). Postponed investment decisions among exchanges, clearing houses, banks and brokerage firms had a negative impact on both turnover and income during the year.

Solutions, products and services

During the past decade OM has established a position as a market leader providing systems solutions for exchanges, clearing houses and CSDs around the world.

OM's two world leading trading solutions, CLICK™ and SAXESS™, have been delivered to 27 exchanges across the globe. These exchange platforms can be used for trading all types of financial instruments. CLICK™ customers include American Stock Exchange, ISE (International Securities Exchange), Borsa Italiana and Australian Stock Exchange. All member exchanges of the Nordic exchange alliance NOREX use SAXESS™. The year also saw the launch of TYZER™, an exchange system for smaller exchanges and marketplaces, and TSP, an outsourcing solution aimed at the same customer category.

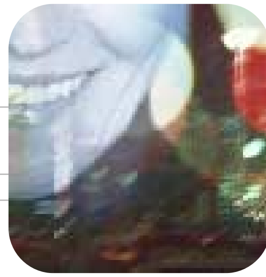
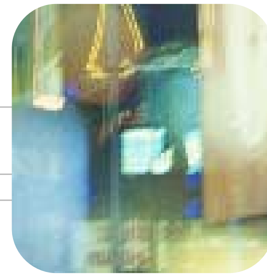
SECUR™, OM's clearing solution for clearing derivative instruments, is used by ten exchanges and clearing houses around the world. These include Hong Kong Exchanges, BOTCC (Board of Trade Clearing Corporation) and Stockholmsbörsen. During 2002 OM also launched an automated system for Central Securities Depositories (CSDs). This new solution, EXIGO CSD™, is currently being developed in collaboration with SFE Corporation (Sydney Futures Exchange).

For customers within the banks and brokerage segment, OM's solutions are divided into three areas: "retail solutions" (systems for banks and brokerage firms' securities trading with end-customers), "institutional solutions" (solutions for institutional trading of financial instruments) and "integration" (solutions for rebuilding and integrating production and business processes for trading financial instruments). This means that OM, with its expertise in transaction technology and its wide range of products and components, can offer a broad spectrum of solutions for banks and brokerage firms.

Market

The market for systems solutions for financial market participants and intermediaries is great. For example, according to a Gartner Group survey, total investments within the global financial sector totaled over SEK 1 600 billion during 2001. Despite the fact that OM is the world's leading exchange and clearing systems provider, it still only has a small, albeit growing, share of total investments made by exchanges, clearing houses and settlement organizations. There is great potential and the market is highly fragmented. Historically this market has been characterized by the dominance of in-house systems development, for example, at exchanges.

Demand for systems solutions from financial intermediaries is growing rapidly. One clear trend is that participants such as banks, brokerage firms and clearing houses are increasingly abandoning their in-house systems development.

Instead they require more complete, standardized solutions from professional external providers. The demutualization of exchanges and clearing houses and increased diversification into each other's markets also means that exchanges and clearing houses are more focused on technology as a competitive tool.

At the same time, economies of scale that come from outsourcing operations, support and certain commercial activities are becoming increasingly evident. In addition to adapting software, a trading system provider should also be able to offer service solutions for operation and support.

The rapid rate of expansion as well as the increased focus on costs and operational risks among the world's banks and brokerage firms means that these participants are seeking closer co-operation with a small number of carefully selected providers. With a series of systems solutions that manage all aspects of securities trading for banks and brokerage firms, OM is well on its way to establishing itself as one of a small number of global brands on this market.

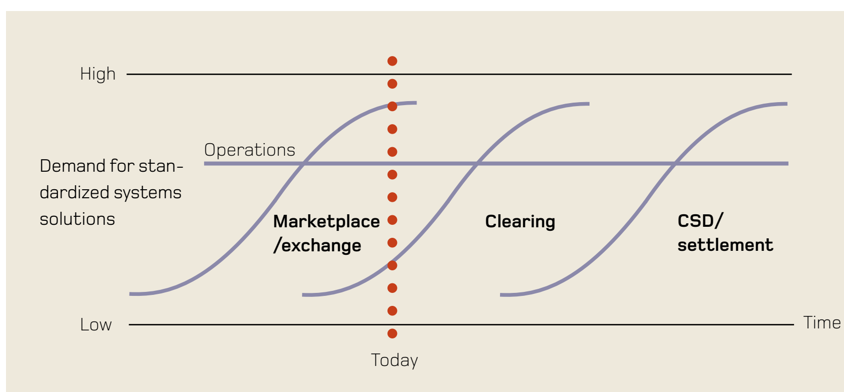
Competition

Historically OM's main indirect competitors in terms of systems for exchanges and clearing houses have been the in-house IT departments of these companies, often in combination with larger consulting firms. OM's direct competitors in this area include ATOS Euronext, Euronext, LIFFE and Computershare.

The number of companies providing systems for banks and brokerage firms is vast. In most countries there are a number of small, local providers of systems and system components. The few major international providers competing with OM include SunGard, Royal Blue, GL and ADP.

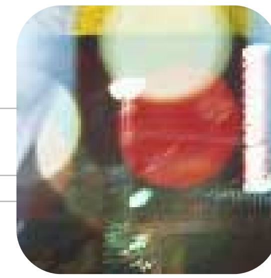
Significant events – 2002

- Agreement with American Stock Exchange extended.
- New agreement with London Stock Exchange relating to CLICK™ for covered warrants trading.
- Agreement with Australian Stock Exchange extended for support and operation.
- Oslo Børs, member of the NOREX alliance, started trading on OM's SAXESS™ platform.
- NASD successfully implemented OM's SAXESS™ system for its pricing and transaction reporting.
- OM developed EXIGO CSD™, an automated CSD system. The first customer is SFE Corporation in Sydney.
- Agreement with Bayerische Landesbank to provide a systems solution for institutional investors.

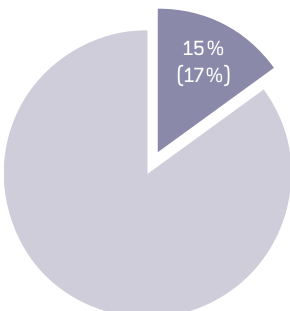


TRANSACTION TECHNOLOGY

One clear trend in the demand for systems solutions for financial markets is that companies such as exchanges and clearing houses are increasingly abandoning in-house systems development and instead are demanding standardized, more complete solutions from professional external suppliers.



Broker Services



Revenue from the Broker Services business area represents 15% of revenue from technology operations.

Within the business area Broker Services, OM offers systems solutions and back-office-for-hire services for banks and brokerage firms. By using OM's services for their systems, operations and securities administration, banks and brokerage firms can focus on their core operations to a greater degree. At the same time costs decrease when a number of users share the same infrastructure. Broker Services handles more that 45 percent of the daily transactions on the Swedish equity market on behalf of 30 customers in eleven countries with a total of 450 000 end-customer accounts.

Revenue and income

Revenue within Broker Services in 2002 amounted to SEK 287 m compared with SEK 376 m in 2001. Income before depreciation amounted to SEK 40 m (-108). The reduction in revenue is attributable to the restructuring of Jiway, lower revenue from customer projects and lower transaction based revenue from back-office-for-hire services. Income levels have improved due to cost reductions following a reorganization.

Solutions, products and services

The services provided by Broker Services include integrated solutions within international trading, customer trading and Internet trading for retail clients, regardless of currency or security type. OM has developed a handling process that is largely automated, thus increasing efficiency and reducing the risk of error compared with the manual processes that still dominate the back offices of many market intermediaries. OM has also developed a systems solution for securities lending, Securities Finance, and last year launched a solution for handling significant corporate events, Corporate Actions System (CAS). Both of these products are sold as licenses operated by the customers themselves.

Market

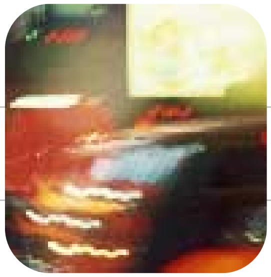
Increasing competition among brokerage firms and banks has resulted in a high level of consolidation between participants on this market. There are also considerable changes in the market following directives from such bodies as the EU. At the same time there is an increased focus on increasing efficiency and cutting costs. Consequently it has become increasingly common for banks and brokerage firms to outsource their systems operations and administration to external partners. This has the advantage that operation and administration costs – such as related product development – can be shared. OM estimates an annual growth rate in this market of over ten percent.

Competition

OM's main competitors in the Nordic market for systems solutions within Broker Services are Capital C and Abaris. Within back-office-for-hire there are currently no direct competitors.

Significant events – 2002

- A difficult year due to prevailing market conditions; however, results improved significantly following restructuring.
- New sale of complete front-to-back solution to Länsförsäkringar Bank in Sweden.
- New sale of Securities Finance product to Italian firm, Caboto.
- New sale of Securities Finance product to Italian firm, Monte Paschi Finance.
- CAS launched in England.



Global Services

OM offers a variety of different operational services through the business area Global Services. These services target companies operating on the financial and energy markets that need mission-critical systems solutions, such as exchanges and clearing houses. OM assumes full operational responsibility for connectivity solutions, infrastructure and applications management as well as hosting and the integration of new systems. From operating hubs in Stockholm, London, New York and Sydney, Global Services currently produces more than 38 000 trading hours per year.

Revenue and income

Revenue within Global Services totaled SEK 411 m during 2002, compared with SEK 439 m year-on-year. Income before depreciation totaled SEK 66 m (20). This decrease can be attributed to the closure of Jiway whereas the improved income level is due primarily to the implementation of rationalization measures during the year.

Solutions, products and services

To service the needs of the market efficiently, Global Services has been divided into a number of different levels, from pure evaluation services to operation and outsourcing solutions within data communications, hosting and applications. With OM managing their systems operation and support, customers are free to focus on their core business. At the same time, customers also benefit from considerable economies of scale, the most efficient technology in the market and 24/7 operations and support. All of OM's operating hubs work in parallel to guarantee the security of operations and disaster recovery management.

Market

During the latter part of the 1990s the world's financial and energy markets were characterized by high levels of profitability. The trend of outsourcing operations of certain functions was largely driven by the desire to achieve advantages within product and service differentiation, quality and flexibility. During recent years the driving forces have increasingly been cost-efficiency and risk management. Historically the financial sector has not used outsourcing to the same extent as other sectors.

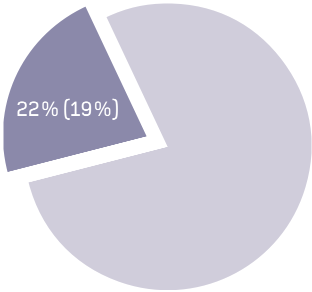
International consolidation between banks and brokerage firms is increasing the demand for integrated systems solutions and functionality that enable interaction between different types of systems solutions. For operations and outsourcing service providers this will place even greater demands on expertise, risk management and global infrastructure. OM expects that IT services within the financial and energy market sectors will maintain an annual growth rate of around 15 percent over the next five years.

Competition

OM's competitors within this area are companies providing provision and outsourcing services such as IBM, EDS and Accenture.

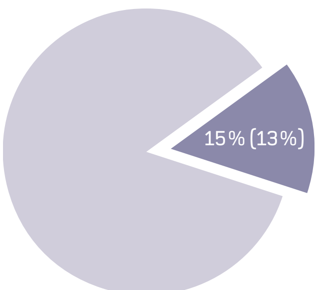
Significant events – 2002

- Revenue remained at 2001 levels, but income improved following implementation of a number of rationalization measures.
- New operating hubs opened in Sydney, Stockholm and New York.
- Operation launch at Oslo Børs.
- Operation launch at SFE Corporation, Sydney.
- Delivery of hosting services to a number of companies in the Stockholm area.
- Expansion of service portfolio to encompass more segments than financial and energy markets.



Revenue from the Global Services business area represents 22% of revenue from technology operations.

Energy Market Solutions



Revenue in the Energy Market Solutions business area represents 15% of revenue from technology operations.

Within the business area Energy Market Solutions, OM develops and provides systems solutions for marketplaces and participants in the deregulated energy markets, and also owns and operates Natural Gas Exchange (NGX) in Canada and UK Power Exchange (UKPX), the UK's leading energy exchange. OM's focus is on solutions for managing transactions between energy producers and distributors as well as distributors and consumers, primarily in the areas of pricing, risk management and settlement.

No company can match OM's experience when it comes to delivering systems for exchange trading in electricity contracts. OM's solutions for energy markets include systems for trading, risk analysis and the sale of electricity to consumers.

Revenue and income

Revenue within Energy Market Solutions totaled SEK 292 m during 2002, compared to SEK 299 m in 2001. Income before depreciation was SEK -40 m (69). The lower income level is largely due to losses reported by UKPX, which have had a negative impact of SEK -64m (-34) during the reporting period.

Solutions, products and services

POMAX™ is a series of systems solutions for trading, risk management, settlement and back-office operations as well as systems for the distribution and the sale of electricity to consumers. Customers include Statkraft, Fortum and Falconbridge.

During the past year OM added CONDICO™ to its offering of exchange and clearing systems for energy markets and energy clearing houses. This system has been developed to meet the needs of smaller, recently established marketplaces and clearing houses.

Market

Energy markets around the globe are in the process of deregulation and new trading structures are emerging. Historically these markets have been characterized by price regulation, long contract times and few transactions. Risks were severely limited as was the ability to trade. Deregulation has created a demand for totally new systems solutions for risk control, trading and administration. Marketplaces, producers, distributors and consumers all have an increased need for sophisticated systems solutions to manage their energy trading.

Competition

In terms of competition for providing systems solutions to deregulated energy markets, OM competes with a number of different companies in different areas. These include SchlumbergerSema, ABB Information Systems and Logica on the exchange side and SAP, KWI, Caminus, Lodestar and SunGard on the participant side. Consumer market competitors include SAP, SchlumbergerSema, Tekla, WM-Data and TietoEnator.

Significant events – 2002

- Contract renewed with Nord Pool to provide the exchange system Power CLICK™ over next five years.
- Contract with Nord Pool to provide the Power SECUR™ clearing system, to be operational from 2004. Contract to run for next seven years.
- Order from CEGEDEL in Luxembourg.
- Order from Wienstrom/Wiengas in Austria.
- Most successful year to date for Natural Gas Exchange (NGX) in Canada in terms of trading volumes.
- UKPX gained over 90 percent market share.

UKPX

In 2000 OM launched UK Power Exchange (UKPX) – the United Kingdom's first electricity exchange. Today, UKPX is the United Kingdom's leading electricity exchange and one of the world's most sophisticated energy exchanges. During 2001 UKPX introduced spot trading in electricity, thus complementing futures trading that enables members to trade contracts with lifetimes of up to two years. At the end of 2002 UKPX had 45 members.

To facilitate 24-hour integrated trading and clearing, UKPX implemented OM's Power CLICK™ and SECUR™ systems solutions. During 2001 UKPX launched clearing services for OTC trading, a service that initially cleared British electricity contracts. During 2002 UKPX also launched clearing services for the German market and for clearing British gas contracts. This means that UKPX has established itself as the first pan-European clearing platform for a number of markets and for different types of energy products.

UKPX is the market leader and in 2002 had over 90 percent of the UK spot market in exchange-traded electricity contracts. UKPX's main competitor in electricity trading is the Automated Power Exchange. UKPX is the UK's only integrated electricity exchange to offer trading and clearing in both spot and futures contracts.

PART OF OM
UKPX
THE UK POWER EXCHANGE

NGX

NGX, Natural Gas Exchange, is the largest electronic marketplace of its kind in Canada and had over 100 members at the end of 2002. NGX, which is located in Calgary, Canada, offers trading and clearing of natural gas contracts. NGX has been a wholly owned subsidiary of OM since 2001.

Trading volumes on NGX have grown rapidly during recent years. In 2002 volumes increased by 24 percent to more than 4 300 BCF (Billion Cubic Feet). During the year NGX launched a number of new products and services, the most significant of which was the introduction of exchange-traded ISDA (International Swap Derivatives Association) energy swap contracts as well as the introduction of new physical contracts at the NGX hubs in Chicago and Ventura. NGX's main competitive advantage is that it is an independent marketplace with central counterparty clearing (CCP) comprising standardized and rigorous margin requirements, as well as the fact that NGX calculates and provides the indices that are used for settling derivatives contracts. CCP means that buyers and sellers can trade anonymously on a liquid market.

During 2002 participants on the energy markets experienced a number of problems of which the American energy corporation Enron is the most notable example. Despite the fact that a number of participants have been forced to reduce or close down their energy contract trading operations, thanks to the increased activity of existing and new customers, NGX has succeeded in increasing liquidity on its marketplace. NGX competes mainly with the OTC market, primarily the bilateral market.

PART OF OM
NGX

Stockholmsbörsen

STOCKHOLMSBÖRSEN PART OF OM

Stockholmsbörsen is a part of OM. Stockholmsbörsen operates under its own brand, but is wholly owned by 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.

Operations

Stockholmsbörsen offers trading, clearing, listing and information services as well as other services relating to equity and fixed income products.

Stockholmsbörsen's vision is to create an efficient and secure Nordic marketplace to enhance the competitive strength of the region's capital market. Stockholmsbörsen is a member of NOREX, a Nordic exchange alliance with a common exchange system and harmonized regulatory framework. NOREX also comprises Copenhagen Stock Exchange, Oslo Børs, and Iceland Stock Exchange. The alliance currently encompasses 75 percent of total equity trading in the region and over 80 percent of the Nordic fixed income market.

Equity trading on Stockholmsbörsen is carried out through OM's SAXESS™ trading system while derivatives trading is through OM's CLICK™ trading system. Both trading systems are order-driven. A recent survey of Stockholmsbörsen's interested parties revealed that the trading system is the single most important factor affecting confidence in the exchange, with Stockholmsbörsen's system rated highly.

Stockholmsbörsen has three main sources of revenue: trading and clearing revenue, issuers' revenue and information revenue. For more information see the Sensitivity Analysis on page 86. Trading and clearing revenue, which represents the largest portion of total revenue, is derived from trading fees and fees charged for clearing services, where Stockholmsbörsen assumes the counterparty risk in all derivatives trades. Issuers' fees are fees paid annually by each company listed on Stockholmsbörsen. Information revenue comes from the price information that Stockholmsbörsen sells to information vendors, exchange members and retail investors.

Cost-effective and innovative marketplace

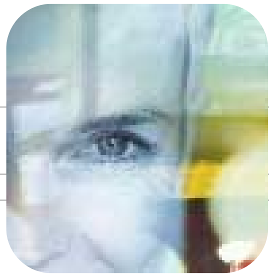
Through strategic investments and efficiently implementing new technology, Stockholmsbörsen has a competitive edge over many competitors. Of the major European exchanges, Stockholmsbörsen charges the lowest fee per average equity

CASH TRADING
- Stocks & SDRs
  - A-list
  - O-list
- ETFs
- Warrants
- Convertibles
- Subscription Options
- Rights
- Fixed income

DERIVATIVES TRADING & CLEARING
- Stock options
- Stock futures
- Index options
- Index futures
- Fixed income
- Derivatives
  - Swedish
  - Norwegian
  - Danish

LISTING
- Stocks, SDRs & unsponsored listing
  - A-list
  - O-list
- Fixed income
- ETFs
- Warrants

INFORMATION SALES
- Cash products
- Derivatives



trade. Stockholmsbörsen's fees are also competitive in terms of trading and clearing derivative products. Central to Stockholmsbörsen's low fee levels is the exchange's high degree of cost efficiency. An exchange normally has a large proportion of fixed costs, which means that its production cost per transaction becomes lower as trading volumes increase. Despite the fact that Stockholmsbörsen's trading volumes are significantly lower than those at Europe's three largest exchanges, Stockholmsbörsen is the most cost-efficient.

Stockholmsbörsen has an innovative history. Being the first exchange to introduce remote membership and the first to develop trading links with other exchanges has greatly enhanced Stockholmsbörsen's competitive strength. At the same time Stockholmsbörsen has always been quick to introduce new products. For example Stockholmsbörsen (then OM) was the first Northern European exchange to introduce standardized options and futures as well as exchange-traded funds. In 1987 Stockholmsbörsen (OM) was the world's first listed exchange.

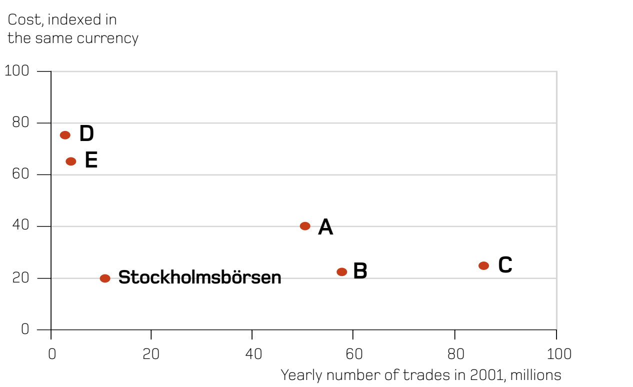
Equity trading 2002
– a weak year in a growth market

Although the last two years have seen decreasing share prices and lower trading volumes, equity trading and equity derivatives trading are most certainly growth markets in the longer term perspective.

> "Annual equity trading growth on Stockholmsbörsen has been 32 percent in the past ten years."

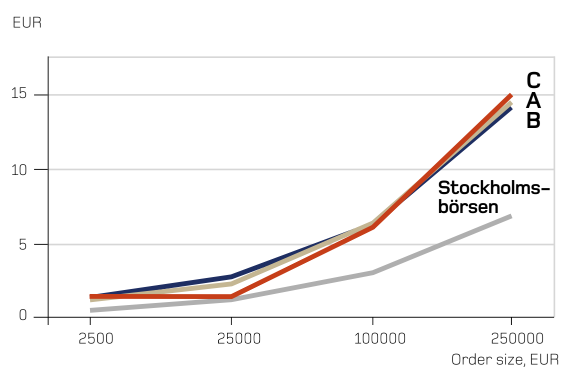
Annual equity trading growth on Stockholmsbörsen has been 32 percent in the past ten years, while the equivalent derivatives trading growth has been 20 percent per year. Falling share prices on the world's markets during the past year have negatively impacted equity trading. Despite this,

STOCKHOLMSBÖRSEN'S OWN COST PER CASH MARKET TRADE*
COMPARED TO OTHER EUROPEAN EXCHANGES



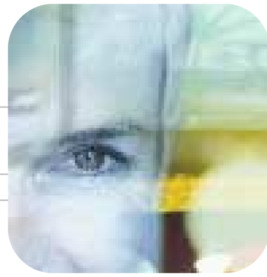
* Refers to single counted cash market trades in equities, bonds, premium bonds, warrants and convertibles.
Source: Annual Reports, official statistics and OM estimates.

STOCKHOLMSBÖRSEN AND VPC'S FEES* FOR CASH EQUITY TRADING
COMPARED TO THE LARGEST EUROPEAN STOCK EXCHANGES



* Includes clearing and settlement. Refers to large members.
Source: WestLB Panmure, "European stock exchanges".

Exchanges A, B & C: The three largest stock exchanges in Europe.
Exchanges D & E: Two smaller exchanges in Europe.



equities turnover on Stockholmsbörsen in 2002 was higher than ever during the 1990's. In international terms, equity trading activity on Stockholmsbörsen continued to be high with turnover velocity at 122 (134) percent. During the latter part of the year the number of transactions increased considerably and during the fourth quarter averaged 50 000 transactions per day, compared to a daily average of 39 000 (43 000) for the whole year. Average equity trading turnover amounted to SEK 10.8 billion (16.0) per day and the total market capitalization for companies listed on Stockholmsbörsen was, per year-end 2002, SEK 1 780 billion (2 856).

Derivatives trading activity remained high with a number of record levels noted during the year. The number of derivatives contracts totaled 244 000 (251 000) per day. The total premium value of equity options traded fell by 50 percent.

Revenue and income

Stockholmsbörsen's revenue for 2002 totaled SEK 965 m (1 158). This decrease is primarily attributable to reduced equity trading turnover as well as lower option premiums largely resulting from falling share prices. Stockholmsbörsen's operating income before depreciation amounted to SEK 348 m (343) of which Jiway's impact was SEK -75 m (-214).

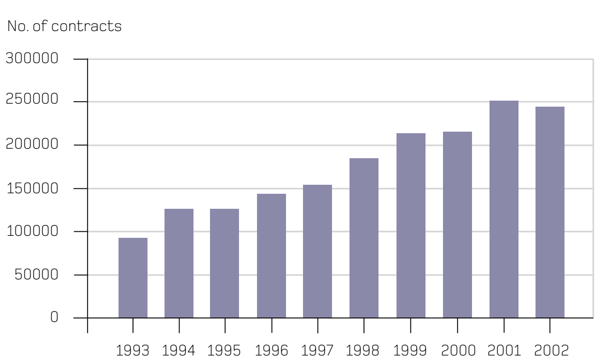
Members

Investors around the world can trade Stockholmsbörsen's products through its members, i.e. banks and brokerage firms. By providing an open trading system, easy access and an internationally adapted regulatory framework, Stockholmsbörsen has a broad network of members across Europe. This network gives considerable distribution power to companies and numerous services to investors. Many intermediaries have both spot and derivatives membership, and in total Stockholmsbörsen had 154 members (154) at the year-end.

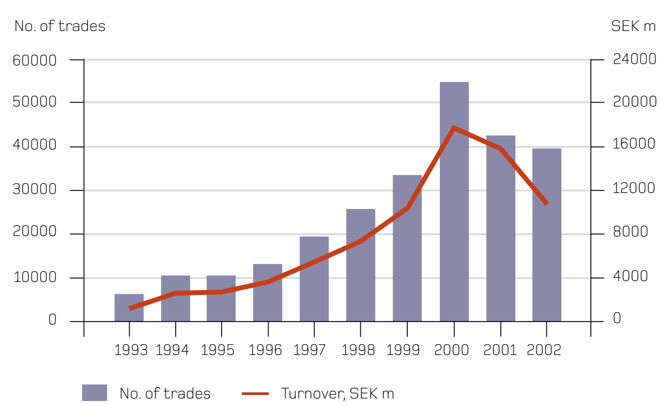
Trading in financial instruments

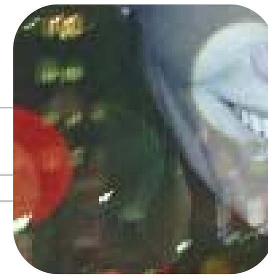
Stockholmsbörsen offers trading in equities, premium bonds, convertibles, warrants, bonds (SOX), rights and exchange-traded funds. Stockholms-

AVERAGE DAILY TURNOVER IN DERIVATIVE CONTRACTS ON STOCKHOLMSBÖRSEN



AVERAGE DAILY TURNOVER IN EQUITY TRADING ON STOCKHOLMSBÖRSEN





börsen also offers trading and clearing in Swedish, Norwegian and Danish equity options, index options and fixed income derivatives as well as equity futures and index futures.

Central counterparty clearing for derivatives products

Stockholmsbörsen offers clearing for both equity and fixed income related derivative products. When Stockholmsbörsen clears a trade it guarantees the fulfillment of the trade by entering as the counterparty to both the buyer and seller. This creates an efficient market since all participants can act without taking the original counterparty risk into consideration as part of the price picture. As security against the risks that arise from its clearing operations, Stockholmsbörsen requires both its members and end-customers to pledge collateral. Stockholmsbörsen's clearing operations are located in Stockholm and London. Clearing at OM London Exchange is carried out at the member level, while clearing in Stockholm is at the end-customer level. At the year-end Stockholmsbörsen had 112 00 (121 000) end-customers in its clearing operations. In addition to clearing exchange-traded derivatives, Stockholmsbörsen also clears OTC derivatives for instruments traded off-exchange. OM also runs clearing operations at UKPX and NGX. Both OM and Stockholmsbörsen have many years of experience in offering clearing services and managing clearing risk. See page 36.

Listing services

Stockholmsbörsen primarily lists equities, warrants and bonds in addition to other types of securities. During the year it became apparent that an increasing number of companies preferred to list their shares in their country of origin to benefit from the recognition factor and to concentrate liquidity. For companies based in Sweden, Stockholmsbörsen's membership network provides a superior level of access to investors around the world. During 2002 a number of larger companies listed on Stockholmsbörsen chose to de-list from other exchanges. Ten companies were added during the year and 18 companies de-listed from Stockholmsbörsen. The number of companies listed on Stockholmsbörsen at the year-end was 297 (305). Interest in Stockholmsbörsen listing remains high and the number of listings is expected to rise once the capital market has stabilized.

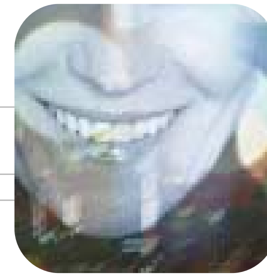
> “For companies based in Sweden, Stockholmsbörsen's membership network provides a superior level of access to investors around the world.”

Information distribution

Over 50 Swedish and foreign information vendors purchase trading information from Stockholmsbörsen. These vendors include Bloombergs, Reuters, SIX and Ecovision. In addition, a number of Stockholmsbörsen's members disseminate price information through their own Internet services. To provide more retail investors with access to real-time price information, Stockholmsbörsen lowered the price of this service for information vendors and members in 2002. As at December 31 2002, Stockholmsbörsen had a total of 56 information vendors and members disseminating its trading information. The year 2002 saw seven new vendor contracts and four vendor cancellations.

Market supervision

Sound, transparent and controlled trading is vital to gain the confidence of all market participants and central to a well functioning equity



market. An important part of Stockholmsbörsen's work is the formulation of regulatory frameworks that cover the companies listed and exchange members, as well as supervision to ensure the enforcement of these regulations.

Market surveillance

Market surveillance is responsible for supervising trading on Stockholmsbörsen. Suspect, illegal or otherwise misleading trading that is in breach of legislation or trading regulations is investigated by the Swedish Financial Supervisory Authority or referred to Stockholmsbörsen's Disciplinary Committee. In 2002 Stockholmsbörsen referred 19 cases to the Swedish Financial Supervisory Authority relating to suspected insider trading and eight cases of suspected illegal price manipulation.

A closing call was introduced in 2002 to reduce the risks of substantial price fluctuations in conjunction with closing. A call is a form of electronic auction that gathers together buyers and sellers of equities. Another measure introduced last year is a new system for real-time market supervision.

Information surveillance

Information surveillance ensures that information provided by listed companies complies with Stockholmsbörsen's regulations. Last year Stockholmsbörsen introduced stricter listing requirements for exchange-listed companies including stricter listing requirements for the exchange's O-list and compulsory exchange regulations training prior to listing, as well as greater share distribution requirements.

If Stockholmsbörsen suspects that a listed company has acted in breach of its exchange regulations the matter is dealt with by Stockholmsbörsen's Disciplinary Committee. The Committee handled five cases last year, more than in any previous year. All of the companies have been sanctioned through fines. Stockholmsbörsen also de-listed one company for not complying with regulations.

OM London Exchange and the formation of EDX London

OM London Exchange is one of seven Recognized Investment Exchanges in the United Kingdom authorized by the Financial Services Authority, FSA. OM London Exchange was formed in 1989 and operates a derivatives exchange that offers trading in Swedish, Norwegian and Danish derivative products. OM London Exchange also operates UK Power Exchange, the United Kingdom's leading electricity exchange, which has just over 40 members.

In December 2002 OM, together with London Stock Exchange (LSE), announced the formation of EDX London, a new marketplace for equity derivatives trading. The new operation will be based on the established Scandinavian derivatives business of OM London Exchange. EDX London will expand this product range and create new business opportunities, initially through the development of clearing services for the growing British OTC market in equity derivatives.

Operations will commence during 2003 through EDX London's acquisition of OM London Exchange's Scandinavian equity derivatives business. Ownership of EDX London will be divided between Stockholmsbörsen (24 percent) and LSE (76 percent).

Jiway

Jiway was launched in February 2000 as the world's first fully integrated exchange for cross-border trading, clearing and settlement, encom-

passing 2 500 European and US equities. Operations commenced in November 2000. In October 2001 OM restructured the company, thereby substantially reducing its cost base. The year 2002 saw market activity on Jiway increase, although from very low levels. Jiway's financial performance could not justify the financial support of its operations and in October 2002 OM decided to close Jiway.

Stockholmsbörsen's competitors

As trading becomes increasingly automated, exchanges today not only compete with one another but also with alternative marketplaces and major banks that internalize trades. In addition there is a competing trade in equities and derivatives off-exchange in the OTC market.

The seven largest European exchanges represent more than 95 percent of total European equity trading turnover, which in 2002 was more than SEK 80 billion. Europe's largest stock exchanges are 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 European exchanges are Eurex (a subsidiary of Deutsche Börse), Euronext and Stockholmsbörsen.

For 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 (a subsidiary of Euronext) and American Stock Exchange.

During the year a couple of European exchanges approached Swedish companies in an attempt to gain their listing. However, the trend in 2002 was the opposite as an increasing number of Swedish companies instead chose to de-list from other exchanges. Stockholmsbörsen has thereby strengthened its position as the leading exchange for Swedish-based companies.

Outlook

In 2003 Stockholmsbörsen will continue to focus on activities that contribute to instilling a greater confidence in the stock market. Stockholmsbörsen will also continue to work on improving its exchange services, in part through its co-operation with other Nordic exchanges and also by extending Stockholmsbörsen's range of products and services.

In collaboration with other market participants, Stockholmsbörsen will work towards establishing central counterparty clearing (CCP) for the Nordic equity market. A Nordic CCP will allow more secure and efficient securities management and will also secure the Swedish equity market's long-term competitive strength. CCP also reduces counterparty risk, allows for netting of delivery obligations, offers scope for anonymous trading and increases the efficiency of risk management and back office operations. Stockholmsbörsen has acted as central counterparty on the Swedish derivatives market for many years and is therefore uniquely positioned to offer services to the equity market as well. By introducing CCP to Swedish equity trading, Stockholmsbörsen is modernizing and adapting the Swedish market in line with current European standards.

“A Nordic CCP will allow more secure and efficient securities management and will also secure the Swedish equity market's long-term competitive strength.”

Risk management

OM operates its business with controlled risk exposure and active risk management aimed at increasing both income and profitability.

During the past year steps were taken to develop OM's risk management in relation to revenue fluctuations, cost restructuring and profitability. A decision was made to create a framework for the risk management process within OM's "Corporate Governance Risk Management Process." Work will be carried out in OM's business areas with reference to business risk, the work process, accounting and the internal audit.

OM's business operations place great demands on risk management. The Stockholmsbörsen business area includes exclusively operations that are the subject of legislation and external regulation. Similar conditions apply to a great extent to those parts of OM's technology operations that provide systems solutions, systems operations and other services for exchanges, clearing houses and other types of supervisory regulated institutions in various countries. A review of these risks and the risk management associated with these business areas within OM's technology operations and Stockholmsbörsen are set out below.

The decentralized risk taking and risk management are coordinated and controlled at the group level.

WORKING AREAS WITHIN OM's "CORPORATE GOVERNANCE RISK MANAGEMENT PROCESS"

Focus within the working area Business Risk will be on the primary risks inherent in OM's business areas as well as profitability reviews. In Business Processes the focus is on mission-critical issues. In Accounting, the focus is on quality and standards for external reporting. The Internal Audit area addresses efficiency within the framework for risk management and internal control.

Business Risk	Business Processes
Accounting	Internal Audit

Operational risks, business risks, work processes

OM's work relating to operational risks aims to protect group assets and create the prerequisites for achieving established commercial objectives. The objective is to minimize operational risks and disruptions and maintain an adequate level of protection founded on the needs of internal and external actors such as OM's owners, customers, authorities and other interested parties.

OM has a management system for security and operational risks consisting of an independent security organization, framework and reporting structure. The Group Security unit manages and co-ordinates this work, as well as the group's crisis management. The head of Group Security reports periodically in OM's Security Management Committee on the group's consolidated risks.

Operational risk management as well as continuity planning and incident management is carried out within each business area and company in its role as risk owner. The risk management process consists of four sub-processes: risk analysis, risk prevention measures, damage limitation measures and risk financing measures.

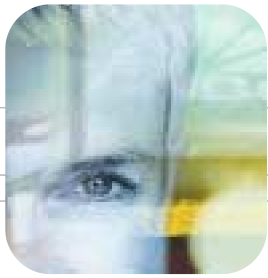
Financial risks

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.

The group's management of currency risks, interest rate and financing risks as well as liquidity and credit risks is discussed in greater detail on pages 72-73, Note 24.

Stockholmsbörsen

Stockholmsbörsen AB and its subsidiary OM London Exchange Ltd ("OMLX") offer exchange trading, derivative clearing, listing, training and



market information services. These businesses face traditional business risks, and they also face risks that are unique to providing clearing services.

The unique risks associated with the derivatives clearing business arise as a result of Stockholmsbörsen and OMLX assuming the counterparty risk in all transactions that are cleared for their respective markets. In providing clearing services, Stockholmsbörsen and OMLX guarantee that their cleared contracts will be honored.

The risks that are particularly associated with the derivatives clearing business include counterparty risks, market risks, settlement risks and concentration risks as well as operational risks.

Stockholmsbörsen and OMLX manage their specific risks within Clearing Operations and Risk Management in order to monitor, measure and properly manage these clearing related risks.

The most noteworthy risk associated with clearing operations is the risk that one or several clearing participants will default on their obligations. The ability of Stockholmsbörsen and OMLX to manage "default risk" is dependent upon several factors including the control of the clearing operations, control of the collateral that is pledged, pro-active risk management, a sound legal foundation and the financial strength of Stockholmsbörsen and OMLX.

It is important to note that while each clearing counterparty has certain rights and benefits from the clearing services provided by Stockholmsbörsen and OMLX, they must also accept certain obligations and responsibilities. One of the primary obligations of clearing counterparties is to pledge required amounts of eligible collateral to Stockholmsbörsen and OMLX in accordance with the respective Rules and Regulations to serve as security for the counterparty risks that are undertaken.

In addition to the collateral that is pledged, Stockholmsbörsen and OMLX maintain established risk policies, guidelines, rules and procedures that are specifically designed to ensure that these risks are well managed.

For more information on Stockholmsbörsen's operational risks, see the Sensitivity Analysis on page 86.

Technology operations

Business areas within OM's technology operations provide systems solutions, systems operations and other services for exchanges, clearing houses and other financial and energy market institutions.

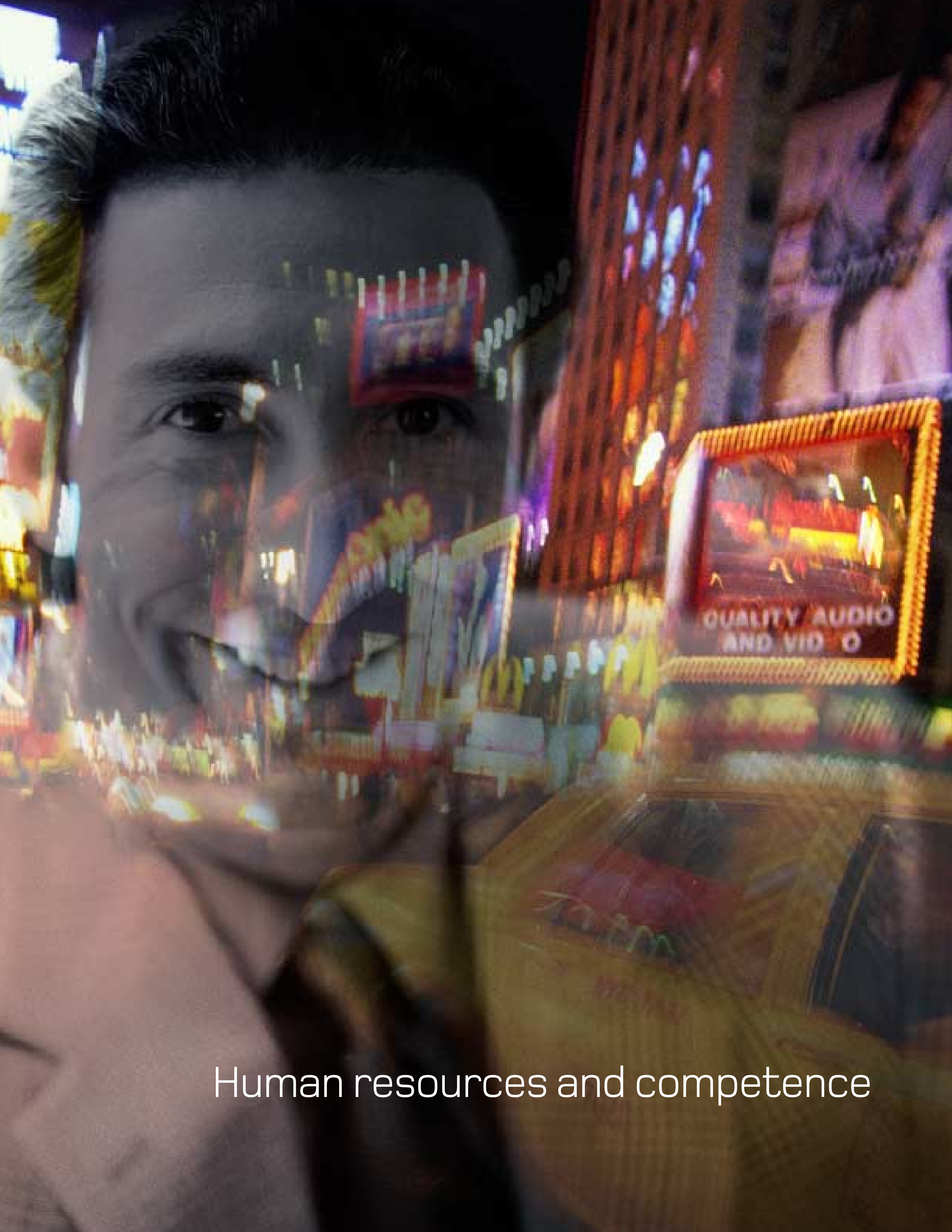
The specific risks contained within OM's technology operations relate primarily to the different phases in providing a service. These are the sales phase, delivery and implementation phase and production phase.

> "OM's business operations place great demands on risk management."

The sales phase includes risks such as loss of earnings and currency risks. Risks are managed by each business area although they are coordinated and supported by business controllers and centralized functions.

Operational risks, as well as quality aspects, are managed during the implementation and delivery phases, as well as in the production phase. As previously mentioned, risks are managed within each business area and unit, and coordinated and supported by the central function Group Security.

For more information on the operational risks in OM's technology operations, see the Sensitivity Analysis on page 86.



Human resources and competence

Employees

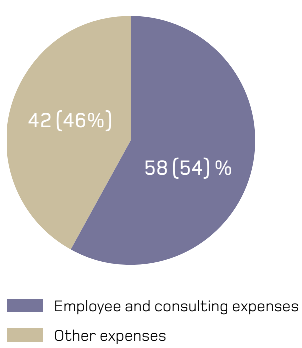
OM's main competitive advantage is the collective knowledge and experience of its employees. To maintain this edge it is vital to continuously develop the company's bank of knowledge. This is done primarily through different methods of competence management – closely linked to OM's commercial objectives and strategic development. The year 2002 saw the implementation of new management and mentoring programs throughout the group.

At the core of OM's operations is using transaction technology – which comes from the intersection of employees' expertise – to create solutions for efficient and profitable trading. OM's ability to use its employees' expertise in creating solutions, products and services is crucial to the success of the company.

> "OM's objective to be the world's leading transaction technology provider places great demands on its employees."

OM's objective to be the world's leading transaction technology provider places great demands on its employees. The rapid rate of change in OM's markets also makes demands on the company's ability to adapt itself quickly to altered market conditions.

EMPLOYEE RELATED EXPENSES IN RELATION TO TOTAL EXPENSES



Core values

OM's corporate culture can be summarized in the three words that communicate OM's core values: Pioneer, Achiever and Attitude.

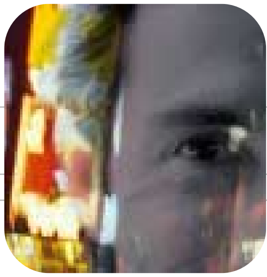
Pioneer relates to entrepreneurial spirit – having the courage to shoulder a leading role within areas of OM's operations; having vision and faith when it comes to technological opportunities and seeing and acting on new opportunities as early as possible. Achiever relates to clear direction when it comes to performance and results, the importance of customers and users and the bottom line – financial performance. Attitude relates primarily to dedication to the company's goals, customers and colleagues.

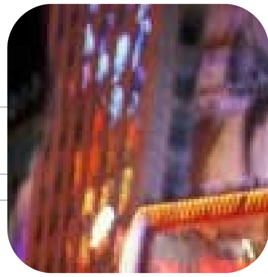
Competence and managerial development

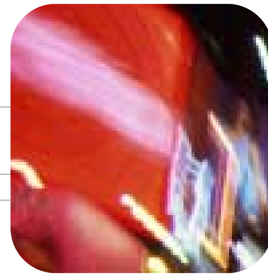
In an environment that constantly presents new commercial opportunities, managing the flow of expertise is vital. Competence development is therefore an integral part of OM's operations and is closely linked to the company's business objectives and strategic business development.

During the past year a management program and a mentoring program were introduced, offering key support in this area. The management program aims to develop a common platform within the group for employees in senior positions and to develop individualistic management. The aim is to create a managerial environment that encourages networking and a dynamic exchange of ideas, experiences and expertise.

The mentoring program introduced parallel to this aims to provide support for OM employees who have been managers for less than one year. In addition to helping these individuals succeed in their managerial roles, the program also aims to provide them with the prerequisites for







expanding their internal networks. 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 areas of the group's operations. At year-end nearly all OM 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 targets that have been set at unit, group and individual levels. From there, development plans can be created on an individual level, with a strong operational bias. On a number of occasions throughout the year, employees' target profiles are reviewed to ascertain whether they are in line with the rapid rate of development.

The Competence Management program contributes to strengthening OM's operations in a number of ways. For example, it becomes easier to identify employees who possess key competence while role differentiation is clarified between business areas, business units, groups and individuals.

Flexibility

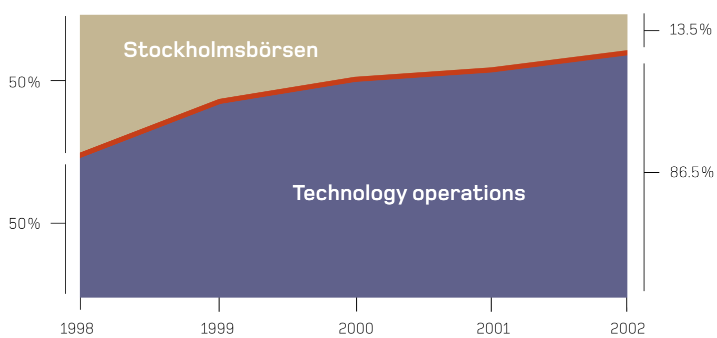
OM operates in markets characterized by rapid changes – where companies and their employees need to be able to adapt quickly to deliver value to customers. With the aim of ensuring quality in such a changeable environment, OM has a number of tools – of which expertise and Competence Management is just one.

Another tool is the employee satisfaction survey. This aims to identify strengths and weaknesses within the company as well as to gather information that is necessary to create value for employees as well as customers and shareholders.
The survey supports management and is also a tool for operational development. It highlights factors that create efficiency and customer value, i.e. factors that create profitability and shareholder value.

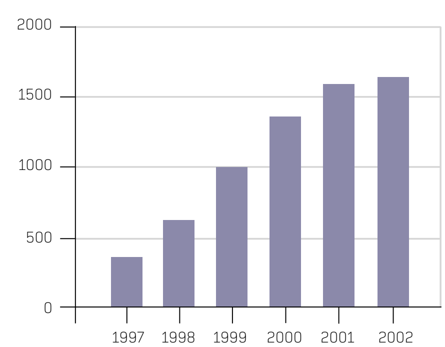
Working environment and equal opportunities

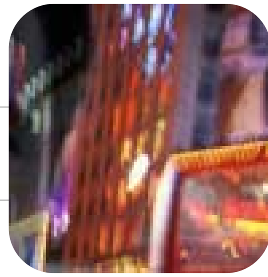
OM strives to provide a workplace that promotes equal opportunities and that it is also multicultural. An organization based on these qualities promotes

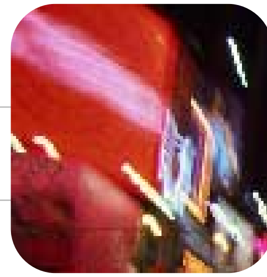
DISTRIBUTION OF EMPLOYEES EMPLOYED IN OM'S TECHNOLOGY OPERATIONS AND AT STOCKHOLMSBÖRSEN

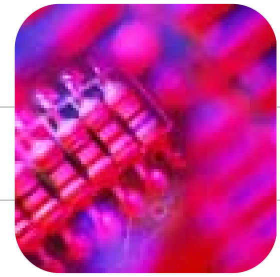


NUMBER OF EMPLOYEES, GROUP









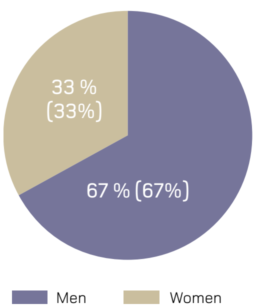
creativity, productivity and well-being, qualities that are crucial for OM's future development.

> "OM operates in an environment characterized by rapid changes – one where companies and their employees need to be able to adapt quickly to deliver value to customers."

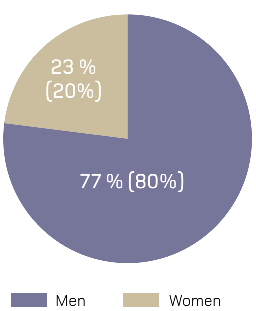
To ensure that equal opportunities are an integral part of OM's operations, the company has established an Equal Opportunities Committee, headed by the CEO, see page 43. The Committee's work is aimed at constantly developing OM's equal opportunities plan as well as implementing and reviewing the scope of these plans within OM.

The total proportion of women employed within the group during 2002 was 33 percent, the same proportion as last year. The proportion of female managers increased to 23 percent, compared with 20 percent last year. Within management groups on an executive and business area level, the proportion of women was 25 percent. The group's Executive Management team included one woman and four men during the year, and out of the Board's 8 members, one was female.

GENDER DISTRIBUTION – ALL EMPLOYEES



GENDER DISTRIBUTION – MANAGEMENT



A global workplace

At the year-end OM had employees in 10 (10) different countries. The number of employees at the end of 2002 was 1 633 (1 583), of which 237 (293) were employed within exchange operations, 1 365 (1 170) within technology operations and 31 (120) in the parent company. In addition 89 (193) consultants were employed on long-term contracts within the group. The number of managers in the group totaled 234 (223).

In order to maintain its position as a growth company in the long term, it is vital to retain competence within the company. For this reason the number of employees remained principally the same as last year, despite cutbacks, while the number of external consultants fell. One reason for the maintenance of employee numbers is the salary freeze introduced in January 1, 2002 that applied throughout 2002 for all employees regardless of position.

The proportion of employees employed outside of Sweden in 2002 was 30 (30) percent, or 491 (474) people. This increase can be attributed to the contract with SFE Corporation in Sydney, from which OM gained 29 employees.

At the year-end OM had operations in Sweden, Denmark, Norway, the US, Canada, the UK, Germany, China, Italy and Australia. In five of these countries OM also runs its own development operations – in Sweden, Norway, the UK, Australia and the US.

Average employee age in 2002 was 33, compared with 34 in 2001. The number of long-term leave-takers, defined as employees on sick, parental or unpaid leave for a minimum of three months, was 81.

Risks

Competence and expertise within transaction technology is OM's main competitive advantage and organizational backbone. A portion of this competence is held by a small number of key individuals who are of particular importance for ensuring that OM retains and develops its competitive edge.

The considerable resources that OM invests in different types of competence management, network development and knowledge dissemination are ways of managing this risk. It is very important that OM is, and remains, an attractive workplace and employer.

CSR, Environment and Equal Opportunities

The financial markets are based on confidence and clear rules. One of OM's social contributions is in the use of its transaction technology to provide fair, efficient marketplaces. OM also endeavors to create a good working environment and to be a partner that customers and suppliers can be proud of.

Ethics

OM formulated a CSR policy in 2002 to support and assist its policy work. OM's Board of Directors initiated this policy work. The Board of Directors has ratified the policy and will do so on an annual basis, following an annual review. The policy covers five areas within which OM has a particular focus on ethical issues. These are openness and diversity, a good working environment, proud partners, marketplaces with integrity and forerunners of corporate ethics. During the year, as a result of this work, OM decided to support and abide by the OECD guidelines for multinational companies as well as the nine principles outlined in the United Nation's Global Compact. In addition all OM employees who are involved in sales should be familiar with the "Rules of Conduct to Combat Extortion and Bribery" of the International Chamber of Commerce. OM has also adopted the Swedish Government's "Global Responsibility" initiative, which is also based on the OECD's guidelines and the UN's Global Compact.

Environment – internal and external

OM offers products and services that use limited resources both in their production and within the end product. OM's greatest direct impact on the external environment is through recycling different office products, from paper to different types of hardware. For this reason the focus of OM's environmental policy is on this area. As far as the internal environment is concerned OM has a far greater responsibility and sphere of influence. The working environment handbook is a tool for managers and employees that keeps them informed and involved while ensuring that governmental requirements are met. The CEO has overall responsibility for the content of the handbook, which among other things prescribes the way in which OM shall work in this area, naming people with specific internal environmental responsibilities, how different tasks shall be executed, what documentation is required and which management tools should be used, etc. Work on OM's environmental policy affects all OM employees.

Equal opportunities

OM works systematically towards achieving increased equal opportunities within the group. This work is described in OM's equal opportunities plan, a plan for the group as a whole in which goals and activities are described at a comprehensive level. Thereafter it is the responsibility of local offices to formulate their own local plans based on prevailing legislation and agreements as well as the organization's internal conditions. Work in this area is managed and reviewed by an equal opportunities committee for which OM's CEO is Chairman and where members represent different parts of the operation. The work and the plan are characterized by clear managerial responsibility so that in time, equal opportunities objectives may become an integral part of the group's business plans.

> "Responsibility and confidence – the basis of value creation."

OM's remuneration program – "Achievers in motion"

OM is a knowledge-based company. In order to attract and retain such knowledge it is important to offer employees an attractive, competitive remuneration package, where financial rewards are linked to effort and results both in the long and short term.

OM's remuneration program, "Achievers in motion", was first introduced in 2000. The purpose of the program is to increase OM's attractiveness as an employer, while increasing employee focus on shareholder value.

The remuneration program comprises a number of parts, the largest of which is fixed salary. In addition, there is a discretionary bonus to reward individual performance and all group employees are also entitled to participate in a global employee stock option program.

Employee stock option program

Employee stock options are an established concept subject to specific limitations. To be allocated options, an employee must remain in service for a specific period of time. Options are non-transferable and must be exercised if employment is terminated. Employee turnover means that the number of granted options will be greater than the number of anticipated exercised options. OM estimates that at 15 percent employee turnover, a maximum of 70 percent of options granted will be exercised, over the 7-year lifetime of the option program. Restrictions to ownership and usage rights mean that options are not considered to be financial instruments but are treated as employment income. As such the company becomes liable to pay social welfare contributions on this amount.

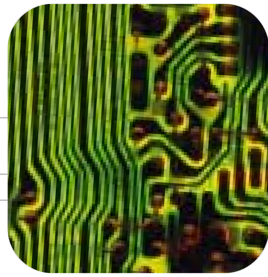
OM launched its first employee stock option program in 2000 and two additional programs followed in 2001 and 2002. Options are granted to employees at no additional cost and the holder is entitled to purchase shares in OM AB at a fixed price (see table). One option corresponds to one share. The options are successively granted to the holder over a three-year period – one third per year. Each option has a seven-year lifetime. In total, OM's three options programs (2000, 2001 and 2002) correspond to 3 230 000 shares. At the year-end 2002 there were a total of 2 600 000 options outstanding.

OM'S EMPLOYEE STOCK OPTION PROGRAM

	2002-06-07	2001-06-15	2000-06-28
Strike price, SEK	71	175	400
Theoretical value per option, SEK m [1)]	15	38	90
Number of allocated options	733 000	1 100 000	1 400 000
Outstanding options, 31-12-2002	718 420	951 300	1 170 543
Of which fully vested 2002-12-31	0	317 100	780 362
Of which fully vested 2001-12-31	–	0	401 152
Redemption of shares with effect from	2003-07-02	2002-06-15	2001-05-25
Anticipated number of exercised options [2)]	500 000	800 000	1 000 000
Expiry date	2009-07-02	2008-06-15	2007-06-28

1) The theoretical value of granted options is fixed through an established option valuation model (Black & Scholes) at the time they are granted. This valuation takes into account the fact that the options are subject to restrictions (not for resale, non-transferable).

2) The anticipated number of exercised options is based only on the number of options that will be fully granted after the vesting period, assuming an employee turnover of 15%. No consideration has been given to the OM share price or the probability of exercise.



Valuation and costs related to employee stock option program

The International Accounting Standards Board (IASB) has proposed that in the future options granted shall be treated as an expense in the income statement. Two of the issues outstanding are the valuation of these expenses and their distribution over time. Options granted in 2002 have been valued by an external party at SEK 15 per option, which means that the value of the options program at grant date amounts to SEK 11 m, or 1.5 percent of the total payroll expense.

Hedging the employee stock option program

To ensure delivery of shares when options from the programs are exercised, OM entered into a swap transaction with a third party for the delivery of OM shares. This swap transaction covers a total of 1 400 000 shares and is expected to cover all options exercised under all three outstanding option programs (2000, 2001 and 2002), including the liquidity effect of any social welfare contributions that may arise. These expenses, as well as the interest expenses incurred through the transaction, are expensed continuously by OM and during 2002 this figure totaled SEK 24 m (17). The swap transaction, which in accordance with accounting principles can be described as a stock repurchase, means that OM has hedged against the risk of an increase in the OM share price, but not a decrease. The fall in OM's share price from SEK 371 in the summer of 2000 to SEK 41.60 on December 31, 2002, has resulted in a reduction in shareholders' equity of SEK 461 m. During 2002 OM changed counterparty in its swap transaction, which led to the realization of part of this price decrease. The share price decrease was previously secured through a deposit which means that this redistribution has increased financial net debt by SEK 439 m.

Dilution

As the options carry the right to acquire existing shares, the program does not have a dilution effect for OM's shareholders. If on the other hand an option program were to require a new issue of shares, the (theoretical) dilution for 2002's option program (corresponding to 733 000 shares) would be less than 1 percent.

Allocation

Allocation of options to employees is based on salary level and individual performance. For the 2002 options program, President and CEO Per E. Larsson has been allocated a total of 46 000 options which will be vested over a three-year period.

Accounting principles

The price decrease that has impacted the hedge of the options program has affected shareholders' equity as recommended by the Swedish Financial Accounting Standards Council (SFASC) according to rules governing stock repuchases. From a different perspective this equity reduction can be seen as a personnel expense having arisen from the employee stock option program.

> “The objective of the remuneration program is to increase the attractiveness of OM as an employer.”

Within international accounting groups, valuation and reporting of employee stock option programs is the subject of much discussion today. In light of the uncertainty surrounding these issues, and while awaiting recommendations from the IASB, OM is applying accounting principles in line with the recommendations of the SFASC Emerging Issues Task Force (December 2002). See page 64, Note 6.


SKECHERS

Board of Directors' Report and Financial Statements

Board of Directors' Report

The Board of Directors and President of OM AB (publ), corporate identity number 556243-8001, hereby submit the annual accounts and consolidated accounts for 2002.

OM develops, operates and supports technology solutions for companies operating in the financial, energy and commodities markets and also owns and operates exchanges and clearing houses.

OM 2002 – GROUP PERFORMANCE

WEAK MARKETS AND CONTINUED ADAPTATION OF OPERATIONS

The year was characterized by considerable uncertainty surrounding the global economy. Against a backdrop of weakened demand within all the markets on which it operates, OM continued to adapt its operations through cost-reduction measures. However, despite weak market conditions, the last quarter saw a number of positive business developments, including the announcement that OM will create a new market for equity derivatives trading – EDX London – together with London Stock Exchange. At the end of the quarter, OM also won a major system and operation order from the world's leading electricity exchange, Nord Pool.

At the year-end total technology orders were valued at SEK 3 118 m (3 599), a decrease of 13 percent over the year. During the fourth quarter the order value was up 9 percent compared with the value at the end of the third quarter. On Stockholmsbörsen the OMX Index fell 42 percent (20) over the year, with equity trading turnover at its lowest level since 1999. Despite this, turnover velocity in equity trading remained high in international terms.

The decrease in sales by OM's technology operations was largely due to postponed IT investments by customers within both the financial and energy market sectors. Investment levels within many financial companies have been at their lowest in many years. This is despite the fact that fundamental driving forces, such as globalization, standardization and harmonization, behind the growing demand for transaction technology remain strong.

To adapt its operations to a lower level of market activity, OM implemented a number of cost-reduction measures during the year. These included a group-wide cost-reduction program as well as the closure of Jiway. As a result, OM's operating income increased in 2002, despite lower revenues than last year.

EARNINGS DEVELOPMENT

OM's revenue fell by 14 percent to SEK 2 640 m (3 072) during 2002. During the fourth quarter, revenue totaled SEK 644 m (833). The fall in turnover during 2002 can be attributed to weaker levels of demand on OM's markets, both as regards trading on Stockholmsbörsen as well as systems sales to companies in the financial and energy markets.

OM's operating expenses fell by 24 percent to SEK 2 702 m (3 558) over the year, including expenditure affecting comparability of SEK 132 m (481) relating to cost-reductions and the closure of Jiway. During the fourth quarter operating expenses totaled SEK 710 m (687), including expenditure affecting comparability of SEK 75 m (-) relating to the closure of Jiway.

By the second quarter 2001, OM had already introduced a series of cost-reduction measures that over time have led to a significantly reduced cost base. Compared to the second quarter 2001, OM's operating expenses have fallen, on a quarterly basis, from SEK 865 m to SEK 635 m during the fourth quarter 2002, excluding items affecting comparability. This represents a reduction in expenses per employee of 32 percent and a decrease in operating expenses of around SEK 920 m calculated on an annual basis. The cost-reduction program implemented during the second quarter 2002 is expected to have full effect during the first quarter 2003, representing an annual saving of SEK 180 m based on operating levels during the second quarter 2002.

Income before depreciation and items affecting comparability, which include SEK 5 m (224) in write-downs, increased to SEK 431 m (387) during 2002. Depreciation during the year amounted to SEK 323 m (359), of which SEK 212 m (237) was depreciation of intangible assets. Income before depreciation and write-downs increased to SEK 304 (130) m during the year.

Operating income for the year totaled -24 m (-453). This figure includes items affecting comparability comprising total restructuring expenses of SEK -132 m (-481), of which SEK 57 m (73) relates to the cost-reduction program and SEK 75 m (-) to the closure of Jiway. Income also includes the result from the sale of shares in Orc Software of SEK 75 m (95).

Group net financial items totaled SEK -32 m (-16), the comparatively lower level due to increased borrowing. Income after financial items amounted to SEK -56 m (-469).

Income after tax for the year was SEK -71 m (-25). The group's tax expense for the year was influenced by the fact that set-offs cannot be carried out between operations in different countries. After hedging, exchange rate fluctuations had a marginal net impact on group income during 2002.

During the fourth quarter operating income before depreciation totaled SEK 30 m (237), including items affecting comparability of SEK 70 m (0). Income after financial items during the quarter was SEK -67 m (144) and income after tax totaled SEK -69 m (107).

EARNINGS DEVELOPMENT – GROUP

	Jan–March 02	April–June 02	July–Sept 02	Oct–Dec 02	Total 2002	Total 2001
Revenue	703	713	580	644	2 640	3 072
– of which technology operations	469	538	423	469	1 899	2 265
– of which Stockholmsbörsen	285	228	220	232	965	1 158
– of which parent company and other functions	31	34	31	54	150	32
– group eliminations	-82	-87	-94	-111	-374	-383
Operating expenses	-670	-699	-623	-710	-2 702	-3 558
Operating income	42	23	-34	-56	-24	-453
Income after financial items	26	32	-47	-67	-56	-469
Income after tax	20	25	-47	-69	-71	-25
Earnings per share	0.23	0.30	-0.56	-0.82	-0.85	-0.30

OM 2002 – PERFORMANCE PER BUSINESS AREA

OM has five business areas, of which the first four constitute OM's technology operations:

Broker Services – Systems solutions and back-office-for-hire services for banks and brokerage firms.

Energy Market Solutions – Systems solutions for energy markets as well as operating the energy exchanges, UKPX and NGX.
Financial Market Solutions – Systems solutions for exchanges, clearing houses, central securities depositories, banks and brokerage firms.
Global Services – Systems operations, primarily for exchanges and clearing houses.
Stockholmsbörsen – The Nordic region's leading equities and derivatives exchange.

TECHNOLOGY OPERATIONS

Weak markets, postponed investment decisions by customers and lower internal sales levels have characterized OM's technology operations throughout 2002. Revenue from OM's technology operations fell by 16 percent to SEK 1 899 m (2 265). In order to adapt operations, cost-reduction measures were implemented during the year and expenses fell by 13 percent to SEK 1 939 m (2 219), year-on-year. During the fourth quarter revenue totaled SEK 469 m (637).

License, support and project revenue totaled SEK 1 057 m (1 330). Revenue from Facility Management Services, the operation of customers' systems solutions, totaled SEK 584 m (689).

At the period-end the order value was SEK 3 118 m (3 599), of which orders for SEK 1 135 m (1 220) are due for delivery in the coming 12 months. The total order value to Stockholmsbörsen decreased to SEK 782 m (957), primarily due to the closure of Jiway and the formation of EDX London.

Operating income before depreciation within OM's technology operations amounted to SEK 169 m (236), representing a margin of 13.0 percent (12.5), excluding internal sales. This includes SEK 75 m (95) in income from the sale of shares in Orc Software and SEK -64 m (-34) from losses in electricity exchange, UKPX. During the fourth quarter operating income before depreciation totaled SEK 39 m (165), including SEK 0 m (95) from the sale of shares in Orc Software.

Internal sales from OM's technology operations to Stockholmsbörsen fell to SEK 241 m (376) over the year, primarily due to the closure of Jiway. Investments in R&D were SEK 240 m (309), or 13 percent (13) of turnover, of which SEK 132 m (262) was capitalized. Common functions within technology operations comprise mainly sales and marketing, expenses that are not included in the individual business area results shown below.

Revenue within the Broker Services business area amounted to SEK 287 m (376). Income before depreciation totaled SEK 40 m (-108). The reduced revenues can be attributed to restructuring Jiway, lower levels of revenue from customer projects and lower transaction-based revenue from back-office-for-hire due to falling turnover on Stockholmsbörsen. Despite this revenue reduction, income within this business area improved due to a reduction in costs following the restructuring measures implemented over the year. New systems sales and facility management services during 2002 included Länsförsäkringar Bank in Sweden and Monte Paschi Finance in Italy.

Revenue within the Energy Market Solutions business area amounted to SEK 292 m (299). Income before depreciation was SEK -40 m (69). The primary reason for the lower income level was the loss in UKPX, the UK's leading electricity exchange, which had an SEK -64 m (-34) impact on income during the reporting period. NGX, North America's leading gas exchange, increased its trading by 14 percent with good levels of profitability.

In June OM signed a new contract with Nord Pool covering support and operation of OM's PowerCLICK™ system. In December OM also signed a contract with Nord Pool for the provision and operation of the SECUR™ clearing platform. In conjunction with this new contract, OM acquired the remaining 50 percent of the shares in Power Clearing Systems (PCS) from the Norsk Opsjonssentral (NOS). In so doing, OM now has assumed complete customer responsibility for Nord Pool in relation to existing and future contracts. The purchase sum amounted to SEK 99 m and corresponds to 50 percent of the existing contract value within the company.

Over the course of the year a number of smaller orders were received for energy market systems, including CEGEDEL in Luxembourg and Wienstrom/Wiengas in Austria.

Revenue within the Financial Market Solutions business area totaled SEK 793 m (1 050). Income before depreciation amounted to SEK 220 m (386). Postponed investment decisions by exchanges, clearing houses, banks and brokerage firms had a negative impact on both sales and income in this business area during 2002. Major cost-reduction measures were implemented during the year.

In January OM launched a new system, EXIGO CSD™, for settlement and other CSD financial services. SFE Corporation in Sydney was the first customer to purchase EXIGO CSD™. Delivery of the system is expected to be complete by the end of 2003.

During the reporting period OM extended and expanded the scope of its contracts with Australian Stock Exchange, Borsa Italiana and BrokerTec. October saw the operational launch of OM's SAXESS™ at the National Association of Securities Dealers (NASD) in Washington, DC.

The formation of EDX London in collaboration with London Stock Exchange means that trading and clearing on EDX London will take place via OM London Exchange's existing platforms, CLICK™ and SECUR™. A separate agreement was also signed with London Stock Exchange to provide systems solutions, via CLICK™, for its covered warrants trading.

Over the course of the year a number of smaller orders were received regarding systems solutions for banks and brokerage

REVENUE AND INCOME PER BUSINESS AREA – OM'S TECHNOLOGY OPERATIONS *

REVENUE IN SEK M	Oct–Dec 2002	Oct–Dec 2001	Jan–Dec 2002	Jan–Dec 2001
Broker Services	75	64	287	376
Energy Market Solutions	64	99	292	299
Financial Market Solutions	202	249	793	1 050
Global Services	101	128	411	439
Other items **	42	140	224	242
Eliminations***	-15	-43	-108	-141
Total – technology operations	**469**	**637**	**1 899**	**2 265**
OPERATING INCOME BEFORE DEPRECIATION (EBITDA)				
Broker Services	16	-15	40	-108
Energy Market Solutions	-21	29	-40	69
Financial Market Solutions	65	114	220	386
Global Services	17	5	66	20
Common functions***	-45	-68	-219	-246
Other items **	7	100	102	115
Total – technology operations	**39**	**165**	**169**	**236**

* All financial information up to the introduction of the new organization, January 2002, is pro forma.

** Includes sale of shares in Orc Software, as well as the associated company participation from Orc Software.

*** Common functions in OM's technology operations comprises primarily sales and marketing.

firms, including Bayerische Landesbank and West LB in Germany, Vanguard Brokerage Services in the USA and BSI in Switzerland.

Revenue within the Global Services business area totaled SEK 411 m (439). This decrease was due primarily to the closure of Jiway. Income before depreciation totaled SEK 66 m (20), the increase mainly attributable to the implementation of rationalization measures.

OM opened three additional operating hubs during the year in Sydney, in Stockholm and in New York. OM also introduced systems operations for SFE Corporation in Sydney as well as Oslo Børs. With effect from the start of operations at EDX London, expected to be during the second quarter 2003, OM will be responsible for the systems operations of EDX's trading and clearing systems, based on OM's CLICK™ and SECUR™. In 2002, OM also signed a comprehensive facility management contract with Nord Pool.

STOCKHOLMSBÖRSEN

The equity market was extremely turbulent throughout 2002. At the year-end Stockholmsbörsen's OMX Index had fallen 42 percent (20) over the year. Falling share prices led to considerably lower turnover levels in SEK terms year-on-year, despite the fact that trading activity levels continued to be relatively high.

Stockholmsbörsen's revenue in 2002 totaled SEK 965 m (1 158). The fall in trading revenue was largely due to reduced equity trading turnover as well as lower option premiums, largely necessitated by falling share prices. Issuers' revenue, i.e. fees paid by companies listed on the exchange, increased during 2002 largely due to the fee increase introduced at the start of the year. Revenue generated from information sales totaled SEK 117 m (131). During the fourth quarter Stockholmsbörsen's income amounted to SEK 232 m (280).

Average daily equity turnover fell during the year on Stockholmsbörsen to SEK 10.8 billion (16.0). Turnover velocity for equity trading was 122 percent (134) – a high level in international terms. The average daily number of equity transactions was 39 477 (42 512). The average number of derivatives contracts traded on Stockholmsbörsen and OM London Exchange totaled 243 683 (250 943) contracts per day. The average equity option premium amounted to SEK 532 (1 066) per contract.

Stockholmsbörsen's operating income before depreciation amounted to SEK 348 m (303) on which Jiway had an SEK -75 m (-214) impact. During the fourth quarter operating income before depreciation was SEK 67 m (108) of which Jiway's impact was SEK -19 m (-17). Stockholmsbörsen's expensed R&D investments during the year totaled SEK 14 m (27).

During the year Stockholmsbörsen changed its credit insurance structure, which increased its expenses during the fourth quarter. This has not affected OM's total expenses. Under the new insurance solution, Stockholmsbörsen purchases its insurance via another OM company, OM Capital Insurance AG, which in turn is insured externally. Previously, Stockholmsbörsen purchased its insurance directly through an external insurer. During the fourth quarter Stockholmsbörsen's income was charged SEK 31 m (9), of which SEK 15 m represented a retrospective premium. In the future the quarterly expense will be approximately SEK 16 m, with the insurance premium included as income in OM Capital Insurance AG, under Parent Company and other functions.

In December plans were announced to create a new marketplace for trading and clearing in equity derivatives, EDX London, in collaboration with London Stock Exchange.

During the year Stockholmsbörsen took a number of measures to improve confidence in the stock market, including the installation of a new surveillance system and the introduction of new exchange listing requirements.

In October a decision was taken to close down Jiway, which had been part of the Stockholmsbörsen business area throughout 2002. The closure of Jiway will be completed during January 2003 and this is expected to reduce both Stockholmsbörsen and OM's operating expenses by around SEK 80 m compared to 2002.

PARENT COMPANY

The primary function of OM AB is to manage the group. Net sales were SEK 81 m (4), of which SEK 75 m (2) resulted from internal sales. Increases in internal sales can be attributed to the fact that from 2002, the parent company holds rental contracts for OM's premises in Sweden. Income before appropriations and tax totaled SEK -85 m (-627). Liquid assets were SEK 0 m (2). No investments were made during the year, and the company's intangible assets were disposed of in OM's technology operations.

OM 2002 – NOTES TO GROUP BALANCE SHEET AND CASH FLOW

NOTES TO THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION

During the year, OM's total assets decreased by SEK 1 065 m to SEK 4 920 (5 985) at the year-end. The equity/assets ratio increased to 41 percent (37).

Intangible fixed assets of SEK 1 247 m (1 317) include SEK 903 m (982) of consolidated goodwill, most of which relates to the acquisition of the Stockholm Stock Exchange in January 1998. The remaining intangible assets of SEK 344 m (335) comprise development expenses carried forward for those systems marketed by OM. These are depreciated over 3-5 years and valuations are made on an ongoing basis using prevailing market conditions.

The group's tangible fixed assets totaled SEK 475 m (521). Financial fixed assets decreased to SEK 852 m (1 474) due primarily to participations in associated companies relating to the SEK 300 m reduction in the share capital of NLK, as well as the redistribution of the employee stock option program. The market value of OM's 30 percent holding in Orc Software (4.5 million shares), amounted to SEK 304 m at the period-end; the book value of this holding is SEK 81 m. OM owns 15.6 percent of the share capital in Helsinki Exchanges and the book value of this holding is SEK 72 m. Hedging OM's employee stock option program has had a SEK -142 m (-133) impact on shareholders' equity. During the year a dividend of SEK 84 m was paid out to shareholders.

At the end of the year OM's interest-bearing net debt was SEK 669 m (119). The year-on-year change is due in part to the redistribution of collateral for OM's employee stock option program, which has reduced interest-bearing assets by SEK 439 m. Interest-bearing net assets have also been affected by cash flow from operations, shareholders' dividends and the closure of Jiway. Interest-bearing financial assets totaled SEK 1 389 m (2 013), of which SEK 109 m (359) are financial fixed assets. Interest-bearing financial liabilities totaled SEK 2 058 m (2 132), of which SEK 256 m (55) are long-term. Available credit facilities were SEK 3 700 m (2 910) of which SEK 2 049 m (2 060) has been utilized. The lifetime of the loan portfolio was extended through a long-term credit of SEK 200 m.

NOTES TO THE GROUP CASH FLOW

Cash flow from current operations, that is, operational cash flow, amounted to SEK 89 m (-297) during the year and consisted of the group's operating income of SEK -25 m (-453) adjusted for non-cash items as well as for financial items, tax paid and changes in working

REVENUE AND INCOME

Revenue in SEK m	Oct–Dec 2002	Oct–Dec 2001	Jan–Dec 2002	Jan–Dec 2001
Technology operations, of which	469	637	1 899	2 265
License-, support- and project revenue	282	334	1 057	1 330
Facility Management Services	142	166	584	689
Other revenue	45	137	258	246
Stockholmsbörsen, of which	232	280	965	1 158
Trading revenue	142	174	583	757
Issuers' revenue	43	44	174	158
Information revenue	15	29	117	131
Other revenue	32	33	91	112
Parent Company and other functions*	54	11	150	32
Group eliminations**	-111	-95	-374	-383
GROUP TOTAL	**644**	**833**	**2 640**	**3 072**

OPERATING INCOME BEFORE DEPRECIATION (EBITDA)				
Technology operations	39	165	169	236
Operating margin, %	8.3	25.9	8.9	10.4
Operating margin excl. internal sales %	12.3	30.4	13.0	12.5
Stockholmsbörsen***	67	108	348	303
Operating margin, %	28.9	38.6	36.1	26.2
Parent Company and other functions*	-6	-36	-86	-152
Items affecting comparability	-70	–	-127	-257
GROUP TOTAL	**30**	**237**	**304**	**130**

OPERATING INCOME AFTER DEPRECIATION				
Technology operations	-17	119	-40	46
Stockholmsbörsen	53	81	287	162
Parent Company and other functions*	-17	-43	-139	-180
Items affecting comparability	-75	–	-132	-481
GROUP TOTAL	**-56**	**157**	**-24**	**-453**

* Parent company and other functions includes primarily Treasury AB, OM Capital Insurance AG and XACT Fonder AB in addition to the Parent Company.
** Internal sales from OM's technology operations, primarily to OM's exchanges, of which SEK 253 m (383) in 2002, SEK 59 m (95) in Oct. – Dec.
*** Jiway's impact on income in 2002 was SEK -75 m (-214), of which Oct – Dec, SEK -19 m (-17).

DEPRECIATION

Amounts in SEK m (of which goodwill)	Oct–Dec 2002		Oct–Dec 2001		2002		2001	
Technology operations	56	(20)	46	(13)	209	(77)	190	(48)
Stockholmsbörsen	14	(13)	27	(19)	61	(52)	141	(70)
Parent Company and other functions	11	(–)	7	(–)	53	(–)	28	(–)
Write-downs	5*	(–)	–	(–)	5*	(–)	224	(–)
GROUP TOTAL	**86**	**(33)**	**80**	**(32)**	**328**	**(129)**	**583**	**(118)**

* Refers to write-downs of assets in Jiway. Recorded in the income statement as closing costs among items affecting comparability.

INVESTMENTS IN R&D

Amounts in SEK m (of which expensed)	Oct–Dec 2002 Total		Oct–Dec 2001 Total		2002 Total		2001 Total	
Technology operations	66	(25)	102	(70)	240	(132)	309	(262)
Stockholmsbörsen	3	(3)	4	(4)	14	(14)	27	(27)
Jiway	–	(–)	–	(–)	–	(–)	58	(0)
GROUP TOTAL	**69**	**(28)**	**106**	**(74)**	**254**	**(146)**	**394**	**(289)**

capital. Adjustments have also been made, primarily relating to income from the sale of shares in Orc Software (reported under investment operations) as well as to restructuring expenses concerning Jiway. Some restructuring expenses charged against revenue in 2001 impacted cash flow in 2002. Cash flow from investment operations, i.e. net investments during the year, totaled SEK -158 m (-718) in 2002.

Cash flow from financing operations totaled SEK -310 m (677), comprising a dividend payment to shareholders of SEK 84 m (504) and the change in financial receivables and liabilities. Liquid assets have decreased by SEK 379 m (338) during the year.

OM 2002 – FUTURE PERFORMANCE AND FINANCIAL TARGETS

FUTURE PERFORMANCE

OM's markets are considered to be growth markets. The underlying need for systems solutions that increase the efficiency of the infrastructure of financial and energy market is great. In focusing on its unique core competence within transaction technology, its well-known brand, and its strong, long-term relationships with both customers and partners, OM is well positioned for future growth. The key is to continue to gain market shares and participate in strategically important structural deals.

2001 and 2002 were both characterized by weak demand in all the markets on which OM operates. If these markets are further weakened, OM will continue to adapt its operations through more rationalization and cost-reduction measures. At the same time it is vital to maintain consistent high quality towards existing customers. It is also important to continue to invest in research and development while retaining capacity within the company in order to maintain OM's strong position for when demand picks up.

FINANCIAL TARGETS – GROWTH WITH FOCUS ON PROFITABILITY

OM's financial target during recent years, the 20/20 target, prescribes that over time group revenue should grow at least 20 percent at the same time as the return on shareholders' equity should be at least 20 percent. For the last five years OM's revenue has increased, on average, by 22 percent per year while the return on shareholders' equity has been 11 percent.

Since the 20/20 target was introduced in January 1995, market interest rates have fallen significantly. OM's relative targets have thus increased sharply, while the market's required rate of return has fallen. At the same time, OM has also grown considerably as a company, group turnover having grown from SEK 600 m in 1994 to SEK 2 640 m in 2002.

OM will abandon the 20/20 target but will continue to focus on high growth and high profitability.

OM 2002 – OTHER SIGNIFICANT INFORMATION

EDX LONDON

In December OM and London Stock Exchange (LSE) announced the formation of a new international marketplace for equity derivatives trading – EDX London. The new operation will be based on the derivatives business of OM's subsidiary in London, OM London Exchange. EDX London will, together with London Clearing House, expand the product range and create new business opportunities, initially through the development of clearing services for the growing British OTC market in equity derivatives.

EDX London will be owned by OM through Stockholmsbörsen (24 percent) and LSE (76 percent). Upon completion of the deal EDX London will pay approximately SEK 340 m (£24 million) in consideration to OM for the assets contained within OM London Exchange's equity derivatives business. For OM the transaction will have a net impact on income of approximately SEK 190 m during 2003. In addition to that portion of EDX London's future income that OM will receive through its 24 percent ownership, as agreed, Stockholmsbörsen will receive an annual percentage of EDX London's future revenue from Swedish equity derivatives. Based on 2002 revenue and expenditure levels for OM London Exchange's equity derivatives business, the formation of EDX London will have a neutral effect on OM's operating income. This includes the annual percentage that Stockholmsbörsen will receive from EDX London's revenue from Swedish equity derivatives, but excludes the revenue effects of the transaction as well as the income from OM's technology operations on selling the systems and facility management services to EDX London and LSE. Revenue from OM London Exchange's derivatives business totaled SEK 108 m (152) in 2002, and operating income excluding depreciation amounted to SEK 16 m (35).

XACT FONDER

During 2002 capital under management in XACT Fonder fell from SEK 1 082 m to SEK 825 m. This decrease was due largely to falling share prices, with the OMX Index falling 42 percent during the year. The number of units in the fund did, however, increase by 33 percent during the year, from 12.5 million to 16.7 million units. During the year XACT Fonder hired Handelsbanken to perform its capital management. At the same time, a decision was made to close down the subsidiary Lendtech with its stock-lending operations.

NUMBER OF PEOPLE EMPLOYED BY OM

The number of employees in the group totaled 1 633 (1 583) at the year-end of which 491 (474) were employed outside of Sweden. Some 1 386 (1 352) people were employed within OM's technology operations, 216 (200) within Stockholmsbörsen, including OM London Exchange and 31 (31) within the parent company. The number of consultants employed by OM during the year fell to 89 (197).

EMPLOYEE STOCK OPTION PROGRAM

Valuation and reporting of employee stock option programs is the subject of much discussion today, within international accounting groups. In light of the uncertainty surrounding these issues, and while awaiting recommendations from the International Accounting Standards Board (IASB) and the Swedish Financial Accounting Standards Council, OM is providing information in accordance with the statement from the Swedish Financial Accounting Standards Council (December 2002).

In May 2002 the Board of Directors of OM AB decided to introduce a new stock option program aimed at all group employees, regarding existing shares. The value of the options is less than 2 percent of OM's total payroll expense. The options are granted to employees at no charge and have a strike price of SEK 71, which corresponds to 110 percent of the average share price during a reference period prior to the grant day. The options become successively available to the holder with a third each per year with the first installment on June 1, 2003. The lifetime is seven years. Each option represents one share and around 733 000 shares in total are covered by the program, which means a theoretical dilution of 0.9 percent. In total, 3.2 million employee stock options will have been allocated through the years 2000 – 2002, of which 2.6 million remain outstanding. The program is aimed at attracting and retaining competent employees as well as increasing the focus on value creation within the company.

To provide a hedge for its stock option program, OM entered into a swap transaction in 2000 with a third party for the delivery of existing shares. The transaction, which can be described as a stock repurchase, means that OM has hedged against the risk of an increase in the OM share price but not a decrease. The fall in OM's share price from SEK 371 m in the summer of 2000 to SEK 41.60 on December 31, 2002 has resulted in a reduction in shareholders' equity of SEK 461 m. During 2002 OM changed counterparty in its swap transaction, which led to the realization of this price decrease. As the share price decrease had been previously secured through a deposit, this redistribution has increased financial net debt by SEK 439 m.

OPERATIONS UNDER DISCONTINUATION

To facilitate the analysis of financial information, in accordance with Recommendation 19 (RR 19) of the Swedish Financial Accounting Standards Council, Jiway has been designated as a business activity under closure. In October a decision was made to close down Jiway, which is expected to reduce OM's annual operating expenses by SEK 80 m during 2003, compared with 2002. The majority of the closure expenses of SEK 94 m, including remaining operational expenses for the fourth quarter of SEK 19 m, have been reported during the fourth quarter 2002.

THE WORK OF THE BOARD OF DIRECTORS, 2002

During the year the Board of Directors held 13 recorded meetings. In addition, work was carried out within the committees specifically linked to the Board: the Auditing Committee and the Remuneration Committee.

LEGAL DISPUTES

OM's technology operations are currently involved in two legal disputes. One relates to a systems delivery and the other to payments regarding a licensing agreement. In December, Stockholm City Court cleared OM of all charges in a case in which OM had been sued for damages relating to a previous joint venture agreement. OM had contested these demands and the Court ruled in OM's favor. The decision has not been appealed.

With regards to Stockholmsbörsen, it was announced in June that Stockholmsbörsen had been sued by a number of members concerning a demand for the repayment of value added tax. Stockholmsbörsen has contested these demands.

Last year an expense provision of SEK 18 m was made relating to two ongoing taxation disputes. The provision remains unchanged in the financial statements as no court decision was made in 2002. During 2002 OM's associated company NLK lost a taxation dispute in the County Court. NLK has appealed the decision in the Administrative Court of Appeal. No provision has been made, as the dispute is not considered to have an impact on OM's financial results. No other current disputes, either individually or collectively, are considered to pose any material threat to the group's commercial operations, its financial position or its net income.

ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with the Swedish Financial Accounting Standards Council Recommendation RR 20 on Interim Reporting. Due to the reorganization that has been implemented, the presentation of the income statement has changed from that of 2001 and a number of foreign subsidiaries have been reclassified with effect from January 1, 2002. The same accounting principles have been applied as those in OM's Annual Report 2001, with the following additions. The following new recommendations have come into effect during 2002: consolidated accounting (RR 1:00); intangible assets (RR 15); provisions (RR 16); write-downs (RR 17); loan expenses (RR 21); and related parties/close proximity disclosure (RR 23). The application of RR 1:00 has not resulted in any retroactive recalculations of earlier acquisitions. The application of these recommendations has had no material effect on the accounts.

A new internal price setting structure came into effect in January 2002. Certain internal agreements have been successively renegotiated during the year. These have had a marginal effect on the income for the year in the respective business areas.

With effect from January 1, 2003 OM will apply the following new recommendations issued by the Swedish Financial Accounting Standards Council: Presentation of financial reports (RR22); Segment reporting (RR 25); Events post balance sheet date (RR 26) and Financial instruments (RR 27). These recommendations will require an increased level of disclosure within OM's financial reporting. Additional recommendations from the Swedish Financial Accounting Standards Council come into effect in 2003 but relate to areas outside the scope of OM's operations and therefore have no impact on the presentation of OM's financial statements.

OM 2002 – OTHER SIGNIFICANT INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting will take place on Wednesday, March 19, 2003 at 17.30 CET in Berwaldhallen, Stockholm.

PROPOSED DISTRIBUTION OF EARNINGS

As shown in the consolidated balance sheet, the funds available for distribution by the group amount to SEK 216 m (242). No allocation to restricted reserves is required. The Board proposes that the retained earnings of SEK 218 m (88) 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	134
TOTAL	**218**

Stockholm, January 28, 2003

OM AB

The Board of Directors

Income Statement – 2002

	Group			Parent Company		
Amounts in SEK m	2002	2001	2000	2002	2001	2000
REVENUE, note 1, 2, 3						
Net sales, of which	2 640	3 072	3 152	81	4	4
Own work capitalized	80	–	–	–	–	–
TOTAL REVENUE	**2 640**	**3 072**	**3 152**	**81**	**4**	**4**
EXPENSES, note 1						
External expenses, note 12						
Premises	-220	-227	-134	-83	-8	-7
Marketing expenses	-54	-89	-123	-6	-11	-13
Consultancy expenses, note 5	-289	-495	-472	-39	-67	-65
Operational and maintenance expenses, IT	-272	-440	-307	-7	-2	-1
Insurance premiums	-20	-37	-42	–	–	–
Synthetic options, note 6	–	–	-30	–	–	-30
Other operating expenses	-221	-282	-218	-10	-36	-17
Personnel expenses, note 6	-1 171	-1 148	-909	-62	-76	-60
Depreciation, note 13	-194	-241	-131	-3	-26	-1
Depreciation, goodwill, note 13	-129	-118	-98	–	–	–
Items affecting comparability, note 8	-132	-481	5	–	-538	-95
TOTAL OPERATING EXPENSES	**–2 702**	**–3 558**	**–2 459**	**–210**	**–764**	**–289**
Participations in associated companies' income, note 10	38	33	10	–	–	–
OPERATING INCOME	**–24**	**–453**	**703**	**–129**	**–760**	**–285**
Financial items, note 9, 24	**–32**	**–16**	**40**	**44**	**133**	**615**
Income after financial items	**–56**	**–469**	**743**	**–85**	**–627**	**330**
Appropriations	–	–	–	82	–	13
Tax on net income, note 11	-15	233	-127	42	225	49
Minority interest	0	211	114	–	–	–
NET INCOME IN REPORTING PERIOD	**–71**	**–25**	**730**	**39**	**–402**	**392**
Number of shares, millions	84.841	84.040	84.035	84.841	84.040	84.035
Number of shares, millions after full conversion	84.819	84.819	84.819	84.819	84.819	84.819
Earnings per share, SEK , note 31	-0.85	-0.30	8.69	–	–	–
Earnings per share , SEK, after full conversion, note 31	-0.85	-0.30	8.61	–	–	–

Income Statement – 2002

(With operations under discontinuation shown separately)

Amounts in SEK m	2002			2001			2000		
REVENUE	Current operations	Operations under closure*	Total	Current operations	Operations under closure*	Total	Current operations	Operations under closure*	Total
Net sales, of which	2 637	3	2 640	3 062	10	3 072	3 152	0	3 152
Own work capitalized	80	–	80	–	–		–		–
TOTAL REVENUE	2 637	3	2 640	3 062	10	3 072	3 152	0	3 152
EXPENSES									
External expenses									
Premises	-214	-6	-220	-215	-12	-227	-122	-12	-134
Marketing expenses	-53	-1	-54	-75	-14	-89	-69	-54	-123
Consultancy expenses	-273	-16	-289	-436	-59	-495	-376	-96	-472
Operational and maintenance expenses, IT	-244	-28	-272	-334	-106	-440	-254	-53	-307
Insurance premiums	-20	–	-20	-37	–	-37	-42	–	-42
Synthetic options	–	–	–	–	–	–	-30	–	-30
Other operating expenses	-211	-10	-221	-220	-62	-282	-207	-11	-218
Personnel expenses	-1 154	-17	-1 171	-1 081	-67	-1 148	-871	-38	-909
Depreciation	-190	-4	-194	-188	-53	-241	-129	-2	-131
Depreciation, goodwill	-129	–	-129	-118	–	-118	-98	–	-98
Items affecting comparability	-57	-75	-132	-73	-408	-481	5	–	5
TOTAL OPERATING EXPENSES	-2 545	-157	-2 702	-2 777	-781	-3 558	-2 193	-266	-2 459
Participations in associated companies' income	38	–	38	33	–	33	10	–	10
OPERATING INCOME	130	-154	-24	318	-771	-453	969	-266	703
Financial items	-31	-1	-32	-17	1	-16	39	1	40
Income after financial items	99	-155	-56	301	-770	-469	1 008	-265	743
Tax on net income	-15	0	-15	24	209	233	-165	38	-127
Minority interest	0	0	0	43	168	211	7	107	114
NET INCOME IN REPORTING PERIOD	84	-155	-71	368	-393	-25	850	-120	730
Number of shares, millions	84.041		84.041	84.040		84.040	84.035		84.035
Number of shares, millions after full conversion	84.819		84.819	84.819		84.819	84.819		84.819
Earnings per share, SEK	1.00		-0.85	4.38		-0.30	10.1		8.69
Earnings per share, SEK after full conversion	1.00		-0.85	4.38		-0.30	10.0		8.61

* Operations under discontinuation refers to Jiway.

Notes to the consolidated income statement

GROUP REVENUE

Group revenue fell 14 percent to SEK 2 640 m (3 072) of which SEK 80 m (0) has been capitalized for own work. In the item "Own work capitalized", revenue is recognized from work carried out during the financial year on company assets. The group's different revenue sources are discussed in the notes on each business area.

PREMISES EXPENSES

Premises expenses fell from SEK 227 m to SEK 220 m during the year. The main reason for this decrease was the restructuring of Jiway.

MARKETING EXPENSES

Marketing expenses fell 39 percent during the year, from SEK 89 m to SEK 54 m, largely as a consequence of the restructuring of Jiway as well as the implementation of group-wide cost-reduction measures.

CONSULTANCY EXPENSES

Consultancy expenses fell 42 percent year-on-year. This was due primarily to the implementation of group-wide cost-reduction measures as well as reduced levels of activity within OM's technology operations. The number of consultants employed by OM fell 55 percent, from 197 at the end of 2001 to 89 at the end of 2002.

OPERATING AND MAINTENANCE EXPENSES

Operating and maintenance expenses fell 38 percent year-on-year largely as a consequence of the restructuring of Jiway as well as the implementation of company-wide cost-reduction measures.

INSURANCE PREMIUMS

Insurance premiums relate to the cost of a capital insurance policy regarding the clearing operations on OM's exchanges. The comparatively lower level in 2002 was due to a new credit insurance structure for Stockholmsbörsen.

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 EXTERNAL EXPENSES

Other external expenses comprise mainly office and travel expenses. The year-on-year decrease of 22 percent was due largely to the implementation of group-wide cost-reduction measures as well as to the closure of Jiway.

PERSONNEL EXPENSES

Personnel expenses totaled SEK 1 171 m (1 148) during 2002. At the year-end OM had 1 633 (1 583) employees, of which 491 (474) were employed outside of Sweden.

DEPRECIATION

OM's depreciation expenses, excluding goodwill, fell 20 percent over the year, primarily due to the closure of Jiway and the continued high rate of depreciation.

DEPRECIATION GOODWILL

OM's depreciation expenses related to goodwill increased to SEK 129 m (118) with the increase attributable primarily to exchange rate fluctuations.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability amounted to SEK -132 m (-481), of which SEK 57 m related to expenses incurred in the implementation of group-wide cost-reduction measures and SEK 75 m to the closure of Jiway. .

FINANCIAL ITEMS

Group net financial items totaled SEK -32 m (-16). This year-on-year decrease is primarily due to increased borrowing.

TAX

The group's tax expense for the year was due to the fact that set-offs cannot be carried out between operations in different countries.

MINORITY INTERESTS

Minority interests during 2000 and 2001 primarily comprised Morgan Stanley's portion of Jiway's losses up to and including the third quarter 2001. Other minority interests included NGX (up to and including January 2001) and Orc Software (up to and including September 2000).

EARNING PER SHARE

Earning per share have been calculated from a weighted average of the number of shares during the period.

Income Statement – fourth quarter

(With operations under discontinuation shown separately)

Amounts in SEK m	October – December 2002			October – December 2001		
REVENUE	Current operations	Operations under closure*	Total	Current operations	Operations under closure*	Total
Net sales, of which	643	1	644	832	1	833
Own work capitalized	27	–	27	–	–	–
TOTAL REVENUE	**643**	**1**	**644**	**832**	**1**	**833**
EXPENSES						
External expenses						
Premises	-59	-1	-60	-57	-1	-58
Marketing expenses	-17	0	-17	-14	0	-14
Consultancy expenses	-61	-6	-67	-113	-4	-117
Operational and maintenance expenses, IT	-56	-7	-63	-82	-2	-84
Insurance premiums	-1	0	-1	-9	0	-9
Other operating expenses	-54	-4	-58	-40	-3	-43
Personnel expenses	-286	-2	-288	-274	-8	-282
Depreciation	-48	0	-48	-45	-3	-48
Depreciation, goodwill	-33	–	-33	-32	–	-32
Items affecting comparability	–	-75	-75	–	–	–
TOTAL OPERATING EXPENSES	**–615**	**–95**	**–710**	**–666**	**–21**	**–687**
Participations in associated companies' income	10	0	10	11	0	11
OPERATING INCOME	**38**	**–94**	**–56**	**177**	**–20**	**157**
Financial items	**–11**	**0**	**–11**	**–13**	**0**	**–13**
Income after financial items	**27**	**–94**	**–67**	**164**	**–20**	**144**
Tax on net income	-2	–	-2	-37	–	-37
Minority interest	0	–	0	0	–	0
NET INCOME IN REPORTING PERIOD	**25**	**–94**	**–69**	**127**	**–20**	**107**
Number of shares, millions	84.041		84.041	84.040		84.040
Number of shares, millions after full conversion	84.819		84.819	84.819		84.819
Earnings per share, SEK	0.30		-0.82	1.51		1.27
Earnings per share, SEK, after full conversion	0.30		-0.82	1.51		1.26

* Operations under discontinuation refers to Jiway (For more information see Note 4)

Balance Sheet

	Group			Parent Company		
Amounts in SEK m	**2002**	**2001**	**2000**	**2002**	**2001**	**2000**
ASSETS						
Fixed assets, note 27						
Intangible fixed assets, note 13						
Goodwill	903	982	947	–	–	–
Other intangible assets	344	335	447	2	67	3
Tangible fixed assets, note 13						
Equipment	475	521	310	0	0	0
Financial fixed assets						
Capital participations in associated companies, note 7, 10	263	542	473	–	–	–
Shares in group companies, note 14	–	–	–	2 669	2 594	3 065
Other long-term securities holdings, note 15	93	77	77	4	4	4
Deferred tax receivable , note 11	253	315	46	–	76	–
Other long-term receivables, note 16, 26	243	540	170	14	308	–
Total fixed assets	**2 574**	**3 312**	**2 470**	**2 689**	**3 049**	**3 072**
Current assets, note 26						
Short-term receivables						
Accounts receivable	359	507	456	0	0	0
Receivables from group companies	–	–	–	566	776	1 473
Other receivables	208	137	362	5	21	23
Prepaid expenses and accrued revenue, note 17	504	375	225	35	31	19
Short-term investments, note 18	993	1 263	1 114	–	–	–
Short-term investments, note 1	282	391	878	0	2	386
Total current assets	**2 346**	**2 673**	**3 035**	**606**	**830**	**1 901**
Total assets	**4 920**	**5 985**	**5 505**	**3 295**	**3 879**	**4 973**
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity, note 19						
Share capital (84 041 118 shares, par value of SEK 2)	168	168	168	168	168	168
Restricted reserves	1 633	1 847	1 919	1 169	1 169	1 169
Unrestricted reserves	287	267	169	179	646	465
Net income for the year	-71	-25	730	39	-558	260
Total shareholders' equity	**2 017**	**2 257**	**2 986**	**1 555**	**1 425**	**2 062**
Minority interests	–	–	182	–	–	–
Untaxed reserves, note 20	**–**	**–**	**–**	**–**	**82**	**82**
Appropriations						
Deferred tax liability, note 11, 20	51	109	115	–	–	–
Restructuring reserve, note 21	71	149	–	–	–	–
Other appropriations, note 22	29	366	193	29	326	193
Total appropriations	**151**	**624**	**308**	**29**	**326**	**193**
Long-term liabilities, note 26						
Convertible debenture loan, note 6	55	55	55	55	55	55
Other long-term liabilities, note 23	203	11	1	200	–	–
Total long-term liabilities	**258**	**66**	**56**	**255**	**55**	**55**
Short-term liabilities, note 26						
Liabilities to credit institutions, note 24	1 802	2 077	588	–	–	–
Accounts payable, note 11	215	156	304	2	13	8
Liabilities to group companies	–	–	–	1 372	1 626	2 135
Tax liabilities	1	31	144	0	–	77
Other liabilities	60	382	449	35	331	338
Accrued expenses and prepaid revenue, note 25	416	392	488	47	21	23
Total short-term liabilities	**2 494**	**3 038**	**1 973**	**1 456**	**1 991**	**2 581**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4 920	5 985	5 505	3 295	3 879	4 973
Collateral pledged, note 29	**61**	**389**	**76**	**14**	**308**	**–**
Contingent liabilities, note 30	**911**	**360**	**426**	**874**	**359**	**426**

Shareholders' equity, note 19

GROUP	Share capital	Restricted reserves	Unrestricted shareholders' equity	Total
Amounts in SEK m				
OPENING BALANCE, January 1, 2000	**167**	**1 528**	**1 113**	**2 808**
Dividend for fiscal year 1999	–	–	-419	-419
Changes between restricted and unrestricted shareholders' equity	–	348	-348	0
Redemption of convertibles and warrants	1	47	–	48
Employee stock options	–	–	-193	-193
Translation differences	–	4	24	28
Net income, 2000	–	–	730	730
Other	–	-8	-8	-16
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
OPENING BALANCE, January 1, 2002	**168**	**1 847**	**242**	**2 257**
Dividend for fiscal year 2001	–	–	-84	-84
Changes between restricted and unrestricted shareholders' equity	–	-213	213	0
Redemption of convertibles and warrants	0	0	–	–
Hedge for employee stock options	–	–	-142	-142
Translation differences	–	-1	51	50
Net income, 2002	–	–	-71	-71
Other	–	–	7	7
CLOSING BALANCE, December 31, 2002	**168**	**1 633**	**216**	**2 017**

PARENT COMPANY	Share capital	Restricted reserves	Unrestricted shareholders' equity	Total
OPENING BALANCE, January 1, 2000	**167**	**1 122**	**606**	**1 895**
Dividend for fiscal year, 1999	–	–	-419	-419
Redemption of convertibles and warrants	1	47	–	48
Employee stock options	–	–	-193	-193
Group contribution	–	–	471	471
Tax on group contribution	–	–	-132	-132
Net income, 2000	–	–	392	392
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
Employee stock options	–	–	-133	-133
Group contribution	–	–	558	558
Tax on group contribution	–	–	-156	-156
Net income, 2001	–	–	-402	-402
OPENING BALANCE, January 1, 2002	**168**	**1 169**	**88**	**1 425**
Dividend for fiscal year, 2001	–	–	-84	-84
Redemption of convertibles and warrants	0	0	–	–
Hedge for employee stock options	–	–	-142	-142
Group contribution, non-deductible	–	–	16	16
Group contribution	–	–	418	418
Tax on group contribution	–	–	-117	-117
Net income, 2002	–	–	39	39
CLOSING BALANCE, December 31, 2002	**168**	**1 169**	**218**	**1 555**

Cash Flow Analysis, note 32

	Oct-Dec	Oct-Dec*		Group			Parent Company	
Amounts in SEK m	2002	2001	2002	2001	2000	2002	2001	2000
CURRENT OPERATIONS								
Operating income	**–56**	**157**	**–25**	**–453**	**703**	**–129**	**–760**	**–285**
Adjustments for items not included in the cash flow								
Depreciation	80	80	323	359	229	3	26	1
Write-downs	5	–	5	196	–	–	538	–
Cash flow effects restructuring reserve	-2	-71	-108	149	–	–	–	–
Participations in associated companies' income	-10	-11	-38	-33	-10	–	–	–
Capital loss	0	-95	-79	-23	–	–	–	–
Other adjustments	11	0	-28	-9	–	–	–	–
Financial items	-16	-24	-38	-27	40	-56	-67	-15
Income tax paid	-15	2	-35	-150	-103	-2	-82	-70
Total cash flow from current operations before changes in operating capital	**–3**	**38**	**–23**	**9**	**859**	**–184**	**–345**	**–369**
Changes in working capital								
Operating receivables	140	109	108	66	-17	322	886	15
Operating liabilities**	86	78	4	-372	311	-535	-514	1 380
Total change in working capital	**226**	**187**	**112**	**–306**	**294**	**–213**	**372**	**1 395**
CASH FLOW FROM CURRENT OPERATIONS	**223**	**225**	**89**	**–297**	**1 153**	**–397**	**27**	**1 025**
INVESTMENT OPERATIONS								
Change in intangible assets	-38	-49	-130	-127	-321	62	-90	–
Change in tangible assets	-16	-73	-75	-328	-180	1	–	-1
Cash flow from associated companies	0	0	95	-24	–	–	–	–
Acquisitions of, & new issues in subsidiaries	-41	-10	-43	-166	-30	-75	-92	-416
Sale of subsidiaries	0	0	0	-156	–	1	25	–
Change in other shares and participations	0	107	0	115	–	–	–	–
Change in long-term receivables	7	0	20	-42	-52	–	–	26
Other	8	0	-25	10	1	1	–	1
CASH FLOW FROM INVESTMENT OPERATIONS	**–80**	**–25**	**–158**	**–718**	**–582**	**–10**	**–157**	**–390**
FINANCING OPERATIONS								
Dividend	0	0	-84	-504	-419	-84	-504	-419
Group contribution	–	–	–	–	–	434	558	166
Change in financial receivables & liabilities ***	-391	-115	-226	1 181	233	55	-308	-22
Other	–	–	–	–	–	–	–	26
CASH FLOW FROM FINANCING OPERATIONS	**–391**	**–115**	**–310**	**677**	**–186**	**405**	**–254**	**–249**
Change in liquid funds ****	-248	85	-379	-338	385	-2	-384	386
Liquid funds – opening balance	1 523	1 569	1 654	1 992	1 607	2	386	0
Liquid funds – closing balance	1 275	1 654	1 275	1 654	1 992	0	2	386

* Figures for Oct-Dec 2001 have to a certain extent been reclassified compared to earlier interim reports to allow comparability with reported figures for 2002.

** 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 "Changes in operating capital" in the Annual Report 2000.

*** Of which during 2002 SEK 131 m (308) relates to hedging for employee stock options program through a swap transaction.

**** Liquid funds comprise short-term investments and cash and bank balances.

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

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

New recommendations came into effect during 2002 with regards to the following areas: consolidated accounting (RR1:00); intangible assets (RR15): provisions (RR16); write-downs (RR17); loan expenses (RR21) and related parties/close proximity disclosure (RR23). The application of these recommendations has had no material effect on the accounts.

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, has a controlling influence. 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 that 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.

The application of the Swedish Financial Accounting Standards Council recommendation RR 1:00 regarding consolidation accounting, has involved no retroactive calculations of earlier acquisitions.

ASSOCIATED COMPANIES

An associated company is an operation which is neither a subsidiary nor a joint venture, but one where OM exercises a controlling influence over its management and where OM's ownership is of a permanent nature. OM applies the equity method when accounting for associated companies and its total participation in associated companies' income is reported net of tax. See Note 10.

JOINT VENTURES

A joint venture is a company where two or more parties have a joint controlling influence over operations. On accounting for joint ventures OM applies the proportional method, whereby the group's share of assets, liabilities, revenue and expenses relating to joint ventures are reported line by line together with similar items. See Note 10.

DISCONTINUING OPERATIONS

Through separating those operations that are under closure from remaining operations, it is easier for investors, lenders and other users of the financial statements, to forecast OM's future cash flows, profitability levels and financial position. In the income statement, revenue and expenses relating to Jiway are shown in a separate column from those relating to the rest of the operations. The comparative figures for the previous years have been recalculated accordingly. Information relating to net assets and cash flow in Jiway is given separately in Note 4.

REVENUE RECOGNITION

The group's reported net sales relate primarily to trading revenue and the sale of systems and services. An item of revenue is posted to the income statement when it is likely that the company will receive its future financial benefits, and that these benefits can be calculated in a reliable way.

In addition to what is set out above and in Note 2, operating revenue also 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 futures payments made and received are shown as net figures in the income statement.

PERCENTAGE OF COMPLETION METHOD

OM applies the percentage of completion method to its technology sales. On applying the percentage of completion method, income is recognized in line with the completion (development) of a project. An anticipated loss on a project is immediately treated as a loss. The fundamental premise of the percentage of completion method 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 percentage of completion method is applied as soon as possible. A present value calculation has been performed for those project receivables that do not fall due within 12 months.

INTERNAL SALES

A new internal pricing structure came into effect in January 2002. Certain internal agreements have been successively renegotiated over the year. This has only had a marginal impact on the year's net income for each business area.

GOODWILL

Goodwill is reported at acquisition value with deductions made for accumulated depreciation and any write-downs. Goodwill represents that portion of the acquisition cost that, on the day of acquisition, is in excess of the actual value of any identifiable net assets contained in the acquired subsidiary, associated company or joint venture. Goodwill is depreciated in a straight line over its economic lifetime, which is assumed to be a maximum of 20 years. See note 13.

The value of goodwill is assessed to ascertain whether any write-downs are necessary, when events or other prerequisites indicate that the reported value may not be recoverable.

Goodwill derived from the acquisition of foreign entities is treated as an asset in the acquired company and reported at the transaction day rate of exchange.

TANGIBLE AND OTHER INTANGIBLE FIXED ASSETS

Fixed assets are reported at acquisition value with deductions made for accumulated depreciation and any write-downs and adding back any appreciation. Straight-line depreciation is applied over the assets' economic lifetime. See Note 13.

The term "investments in fixed assets" includes investments in equipment and intangible fixed assets. The group's cash flow analysis only includes investments that have impacted group liquid assets.

The book values of fixed assets are continuously monitored through analyses. If an analysis indicates that a value may be 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. The write-down figure is then the difference between the book value and the recovery value.

SYSTEMS DEVELOPMENT EXPENSES

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 cases expenses relating to new products are to be capitalized in accordance with the principles set out below.

All research expenses are to be treated as expenditure as they arise. During the fiscal year SEK 2 m (3) was charged against revenue for investment in research.

Expenses relating to the development of new products are treated as intangible assets when they fulfill the following criteria; it is likely that the asset will provide future financial benefit to the group (i.e. contribute a positive cash flow); that the acquisition value can be calculated in a reliable way; that the company intends to take the asset to completion and that the company has technical, financial and other resources to complete development, use or sell the asset. Important documentation for the verification of such capitalization includes business plans, budgets, outcomes and external evaluations. In certain cases capitalization is based, out of necessity, on the company's estimation of future outcome, such as prevailing market conditions.

The acquisition value of an internally developed intangible asset is the total of those expenses incurred from the time when the intangible asset first fulfils the criteria set out by generally accepted accounting principles. (See criteria above.)

Internally developed intangible assets are reported at acquisition value with deductions for accumulated depreciation and any write-downs.

Revenue from work carried out during the financial year on company assets that have been carried forward as fixed assets is reported in the income statement under the heading "Own work capitalized". The item relates only to capitalized personnel expenses. No reduction of personnel expenses has been made for work that relates to capitalized assets. The expenses have been met by the reported revenue. Own work capitalized has therefore no impact on income but does have a negative impact on the operating margin.

During the fiscal year total research and development expenses for the group amounted to SEK 254 m (394), of which SEK 108 m (105) has been capitalized.

LEASING EXPENSES

Leasing is classified as either financial or operational leasing. Financial leasing is when the financial risks and benefits linked to the ownership of an asset are to all intents and purposes transferred from the lessor to the lessee. If this is not the case then leasing is operational.

In the case of financial leasing agreements the lessee must report the asset as a fixed asset in the balance sheet. Future leasing payment obligations are reported as a liability. Assets are depreciated based on economic lifetime while both the interest payments and the capital repayments are disclosed for the leasing payments.

In the case of operational leasing, leasing fees are expensed over the lifetime, which commences when usage starts.

OM only has operational leasing commitments. See Note 12.

BORROWING EXPENSES

Expenses relating to borrowing are charged to income during the period in which they arise with the exception of any amount that is calculated as being part of an asset's acquisition value.

OM has no capitalized borrowing expenses, with all its borrowing expenses charged to income during the period in which they arise.

SHORT TERM INVESTMENTS AND CASH AND BANK

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 and Swedish mortgage institutions as well as short-term shareholdings. These have been valued using the lowest value principle. Short-term investments also comprise interest-bearing securities with a lifetime in excess of three months. These investments relate to highly liquid securities that are easy to transfer into cash.

The yield on short-term investments and cash and bank balances are shown as a net figure in the consolidated income statement under the heading "Financial items".

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 fulfill those obligations that are a necessary part of their exchange and clearing operations.

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	138	206
OM Broker Services	16	16
OM London Exchange Ltd	11	12
Natural Gas Exchange Inc	1 947	1 949

RECEIVABLES

Receivables are reported as the amount expected to be recovered.

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 receivables and liabilities have been hedged, valuation has been carried out 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 exchange rate differences relating to financial assets and liabilities have been reported as financial items.

RECALCULATION OF FOREIGN SUBSIDIARIES' BALANCE SHEETS AND INCOME STATEMENTS

On January 1 2002 OM introduced a new organization. As a consequence of this reorganization a number of foreign subsidiaries were reclassified from independent to dependent. For recalculation of the financial statements of dependent subsidiaries, the monetary method has been used. This method means that monetary assets and liabilities are shown in the reporting currency recalculated at the year-end rate. Non-monetary assets and liabilities are shown in the reporting currency recalculated at the exchange rate at the time of acquisition.

For subsidiaries classified as independent the current rate method has 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 reported in the income statement but are posted directly against shareholders' equity.

These reclassifications have led to an increase in shareholders' equity of SEK 23 m, and have also had a positive impact on income of SEK 4 m. Net income figures for comparative years have not been altered as the income effect on previous years was lower than in 2002 and therefore not considered to be material.

TAXES

Under the "Taxes" heading in the income statement OM has reported current and deferred income tax for its Swedish and foreign group companies. Group companies are liable to pay tax in accordance with relevant taxation legislation in the countries in question. The Swedish State corporate tax for 2002 was 28 percent, calculated on nominal reported income, adding non-deductible items and deducting non-taxable revenue as well as other deductions, primarily tax-free dividends from subsidiaries.

Deferred tax is reported in accordance with the balance sheet method which means that deferred tax liabilities and receivables are calculated, and reported in the balance sheet, on temporary differences between book and taxable values for assets and liabilities as well as for other tax deductibles or deficits.

Deferred tax receivables are reported with caution and only when it is deemed probable that the underlying tax receivable will be realized during the foreseeable future. At each balance sheet date an assessment is made of the reported values.

Deferred tax liabilities and receivables are calculated using the anticipated tax rate at the time the reversal of the temporary difference is due to take place. The effects of the changes to applicable tax rates are reported during the period in which the changes become statutory. See Note 11.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability relate to events and transactions that have an impact on income and are of significance when income for that period is compared with other accounting periods and other companies. The items relate to revenue and expenses of a non-recurring nature that are not part of the company's current operations. See Note 8.

PROVISIONS

Provisions are reported in the balance sheet when the group is set to experience future commitments as a consequence of an event that has already happened; one which is likely to incur a loss of financial benefits, the size of which can be anticipated with a reasonable degree of certainty.

Provisions for restructuring expenses are reported when the group has presented a detailed plan for the implementation of the planned action and this plan has been communicated to all parties involved. See Note 21.

Using OM's previous accounting principles, a provision for structural measures was reported in conjunction with the Board of Directors' decision with regard to this matter. Since the changeover to the Swedish Financial Accounting Standard Council recommendation relating to provisions (RR16), no retroactive recalculations have been made regarding previous provisions.

EMPLOYEE STOCK OPTION PROGRAM

All employees were allocated employee stock options during 2000, 2001 and 2002. The strike price has been set at 110% of the applicable share price. OM has not received any premiums for these options and the market value of options granted has not been taken up in the accounts. Upon exercise, options will primarily be delivered from a third party which has undertaken to provide existing shares (i.e. no dilution). OM therefore receives no part of the strike price when these options are exercised. The effects of the swap transaction aimed at limiting dilution, securing the provision of shares upon exercise of these options and, in the event of a price increase, limiting the outflow of liquidity due to social welfare contributions, are reported as a deduction from shareholders' equity in accordance with the rules governing buying back own shares. The financing expenses are treated as financial expenditure.

When the share price exceeds the strike price of the option, reservations are made for the anticipated social welfare contributions, which are also expensed, on an ongoing basis. These social welfare contributions would need to be paid by OM when outstanding options are exercised. See Note 6.

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 28.

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 29.

CONTINGENT LIABILITIES

A contingent liability relates to a potential commitment arising from events that have occurred but where the actual commitment can only be confirmed through the occurrence of one or more uncertain future events that lie outside the control of the company.

In order for a company not to be required to report a contingent liability as a provision in the balance sheet, it must either be unlikely that an outflow of resources will be required to regulate any upcoming commitments, or that the size of the commitment cannot be calculated with sufficient accuracy.

Through its clearing activities, Natural Gas Exchange (NGX) becomes the 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 30.

NEW RECOMMENDATIONS FROM THE SWEDISH FINANCIAL ACCOUNTING STANDARDS COUNCIL, 2003

With effect from January 1, 2003 OM will apply the following new recommendations issued by the Swedish Financial Accounting Standards Council: Presentation of financial reports (RR22); Segment reporting (RR25); Events post balance sheet date (RR26) and Financial instruments (RR27). These recommendations will require an increased level of disclosure within OM's financial reporting.

Additional recommendations from the Swedish Financial Accounting Standards Council come into effect in 2003 but relate to areas outside the scope of OM's operations and have therefore no impact on the presentation of OM's financial statements.

NOTE 2. Revenue

The table below shows reported revenue divided between different revenue types:

	2002	2001
OM's technology operations, of which	1 899	2 265
License-, support and project revenue*	1 057	1 330
Facility Management services	584	689
Other revenue**	258	246
Stockholmsbörsen, of which	965	1 158
Trading revenue	583	757
Issuers' fees revenue	174	158
Information sales revenue	117	131
Other revenue	91	112
Parent Company and other functions	150	32
Group eliminations***	–374	–383
TOTAL	**2 640**	**3 072**

* Of which revenue derived from assignment revenue, SEK 328 m (718).

** Of which SEK 75 m (95) relates to the sale of shares in Orc Software.

*** OM AB's internal sales to other group companies totaled SEK 75 m (2). Internal sales from technology operations, primarily to OM's exchanges, totaled SEK 253 m (383).

Revenue also includes positive exchange rate differences of SEK 23 m of which SEK 576 000 are unrealized.

NOTE 3. Revenue and income per business area

The following table shows revenue and income before depreciation within OM's business areas:

REVENUE

	2002	2001
OM's technology operations		
Broker Services	287	376
Energy Market Solutions	292	299
Financial Market Solutions	793	1 050
Global Services	411	439
Other items*	224	242
Eliminations	–108	–141
Total technology operations	**1 899**	**2 265**
Stockholmsbörsen	**965**	**1 158**
Parent Company and other functions	**150**	**32**
Group eliminations	–374	–383
TOTAL	**2 640**	**3 072**

INCOME BEFORE DEPRECIATION

	2002	2001
OM's technology operations		
Broker Services	40	–108
Energy Market Solutions	–40	69
Financial Market Solutions	220	386
Global Services	66	20
Common functions **	–219	–246
Other items*	102	115
Total technology operations	**169**	**236**
Stockholmsbörsen	**348**	**303**
Parent Company and other functions	**–86**	**–152**
Items affecting comparability (excl. write-downs.)	–127	–257
TOTAL	**304**	**130**

* Includes the sale of shares in Orc Software. The result also includes the associated company's participation from Orc Software.

** Common functions within OM's technology operations comprise primarily sales and marketing.

NOTE 4. Discontinuing operations

In the income statement, revenue and expenses relating to Jiway have been separated from the rest of operations. The closure of Jiway will have no material impact on the consolidated balance sheet. As of December 31, 2001, following the reconstruction, the existing operation's net assets were around SEK 5 m.

During 2002 Jiway had a negative effect on group cash flow from operations of SEK 176 m. No investments were made during 2002. In 2001 cash flow from operations were SEK -372 m.

The cash flow in 2001 from investment operations was negatively affected by SEK 145 m, attributable to the cash position in those companies closed during the year.

During 2003 Jiway's closure is expected to have a negative impact on cash flow of around SEK 59 m.

NOTE 5. 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. Most advice relates to audit-related consultations on accounting and taxation issues in conjunction with company acquisitions and restructuring.

PAYMENTS MADE TO COMPANY AUDITORS

	Group		Parent Company	
(SEK 000s)	2002	2001	2002	2001
Ernst & Young				
Auditing assignments	8 573	7 744	1 921	790
Other assignments	8 282	14 632	851	2 238
PricewaterhouseCoopers				
Auditing assignments	342	125	342	125
Other assignments	628	648	35	–
BDO Feinstein				
Auditing assignments	290	39	–	–
Other assignments	155	171	–	–
Other Auditors				
Auditing assignments	64	94	–	–
Other assignments	285	2 025	–	–
TOTAL	**18 619**	**25 478**	**3 149**	**3 153**

NOTE 6. Personnel expenses and benefits paid to senior management

This note has been prepared in accordance with current legislation, rules and recommendations. The reporting of senior management benefits has been carried out in accordance with the recommendations of the Industry and Commerce Stock Exchange Committee (NBK).

SENIOR MANAGEMENT

As recommended by NBK, senior management should be divided into "chief management" and "executive management".

"Chief management" within OM is defined as:

Chairman of the Board (Olof Stenhammar)
President and CEO (Per E. Larsson)

"Executive Management" relates to those people in the company's management team who are not included in "Chief management". In OM's case this comprises four people, who together with the President and Chief Operating Officer, make up OM's executive management, namely:

Deputy CEO and Chief Operating Officer, Magnus Böcker; Stockholmsbörsen's President, Kerstin Hessius; CFO, Per Nordberg; and CSO, Anders Reveman.

OM'S REMUNERATION COMMITTEE

The Remuneration Committee is appointed on an annual basis by the Board of Directors and currently consists of the following Board members: Olof Stenhammar (Chairman), Adine Grate Axén and Bengt Rydén. The Committee's task is to prepare for Board decisions on issues relating to the salary and remuneration paid to the President and Chief Operating Officer; to propose fees for Board members within OM group companies, as specifically instructed by the Board of Directors; and to propose principles to be used for salaries, benefits and other remuneration for employees of the OM group.

OM'S REMUNERATION POLICY

The aim of OM's remuneration policy is to offer remuneration that promotes a situation whereby senior management and other employees alike can be recruited and retained, in addition to motivating them to do their best while working for OM.

Its fundamental principles are:

- To work towards a consensus between employees and shareholders as regards the long-term perspective of the company.
- To establish a clear relationship between remuneration and long-term development of OM and OM's financial results.
- To ensure that employees within OM's different organizations receive remuneration that is reflective of the market and that is competitive.
- To offer a salary scale based on results achieved, work duties, experience and position held, which also means a neutral stance in relation to gender, ethnic background, disability, sexual orientation, etc.

REMUNERATION STRUCTURE

OM's employee remuneration comprises the following parts:

- Fixed salary
- Variable salary (bonus)
- Variable incentive program (employee stock options)
- Pension
- Other remuneration

FIXED SALARY

Every OM employee has an annual salary review with the exception of the President and Chief Operating Officer for whom a review takes place every second year. Any changes as a result of the salary review take effect from January 1. The review shall consider salary levels in the market, employee performance and any changes to responsibilities as well as the company's development.

VARIABLE SALARY

In addition to fixed salary OM also pays a discretionary, variable salary to "key contributors". Key contributors are defined as employees whose performance has exceeded expectations and who have made a positive contribution to OM's long-term development.

For a variable salary to be paid, certain quantitative and qualitative targets must be met. For the President and Chief Operating Officer these targets are set on an annual basis by the Salary and Remuneration Committee and are ratified by the Board of Directors. The President sets targets for the rest of OM's Executive Management team. Targets for other employees are set by each line manager.

The financial statements include a provision that corresponds to the anticipated amount of variable salary. A decision is made on payment at a later date. For this reason the expensed amount may differ from that which has been decided.

VARIABLE INCENTIVE PROGRAM (EMPLOYEE STOCK OPTION PROGRAM)

As part of total remuneration paid to employees, in 2000, 2001 and 2002 OM provided stock options for all its employees – employee stock options. The value of granted options in 2002 was less than 2 percent of OM's total payroll expense.

The concept of employee stock options came to Sweden in conjunction with new tax legislation in 1998. The feature of employee stock options is that the employee must remain in service for a certain period to receive the options. Restrictions to ownership and usage rights means that options are not considered to be financial instruments but are taxed as employment income. This means that the company will incur social welfare contribution expenses in those cases where options are exercised.

During 2000, 2001 and 2002 OM offered employee stock options to all group employees. Each option carries the right to receive one share in return for the strike price. One third of the granted options are vested each year for a three-year period.

INFORMATION ON EACH YEAR'S EMPLOYEE STOCK OPTIONS

	2002	2001	2000
Strike price, SEK	71	175	400
Redemption of shares with effect from	2003-07-02	2002-06-15	2001-05-25
Expiry date	2009-07-02	2008-06-15	2007-06-28
Number of allocated options	733 000 [1)]	1 100 000 [2)]	1 400 000 [3)]
Theoretical value, SEK m [4)]	11	42	126
Theoretical value per option, SEK [4)]	15	38	90
Theoretical dilution	0.9 %	1.3%	1.7%
Remaining options 2002-12-31	714 000	926 000	1 003 000
Of which fully vested (guaranteed) 2002-12-31	0	405 000	669 000
Of which fully vested (guaranteed) 2001-12-31	–	0	334 000

NUMBER OF OPTIONS

	2002	2001	2000
Opening balance	–	1 025 000	1 199 000
Allocated options	733 000	–	–
Exercised options	–	–	–
Expired and obsolete	-16 000	-99 000	-196 000
Closing balance	**714 000**	**926 000**	**1 003 000**

The income statement and balance sheet include the following amounts relating to the employee stock option program:

INCOME STATEMENT, SEK M	2002	2001	2000
Social welfare contribution expenses related to employee stock options	–	–	–
Interest related to the stock repurchase [5)]	24	17	12

BALANCE SHEET, SEK M			
Provision for social welfare expenses	–	–	–
Provision for synthetic buy-back of own shares [6)]	29	326	193

1) Of which President 150 000 and other members of executive management 174 000.

2) Of which the President 86 000 and other members of executive management 131 000. Of these 50 000 options for the President and 74 000 options for other members of executive management can be exercised with effect from the date of receipt.

3) Of which the President 46 000 and other members of executive management 92 000.

4) The theoretical value of granted options is fixed through an established options valuation model (Black & Scholes) at the time they are granted. The volatility parameters have been adjusted to take account of the options' specific conditions relating to the vesting period and lifetime.

5) Interest relating to the contract for the stock repurchase corresponds to the net interest expenses on the value of the underlying shares at the time the contract was signed, as well as the dividend on the underlying shares (1.4 million shares).

6) In order to limit dilution, to secure the provision of shares when exercise is requested as well as to minimize the liquidity effect of social welfare contributions in the event of a share price increase, in 2000 OM entered into an agreement with a third party who will provide OM shares on request. The contract, (swap transaction) which runs until 30-06-2007, corresponds to 1.4 million shares at an agreed price of SEK 62 per share. The change of counterparty has meant that the originally agreed

price of SEK 371 has been changed to SEK 62 per share, which means that the price fall has been realized. This has led to a reduction of the Loss risks provision, corresponding to a decrease in value of SEK 439 m. Of the total commitment to a third party of SEK 86.8 m, SEK 29 m is charged against shareholders' equity in the balance sheet, which corresponds to the difference between the agreed share price and the share price as at December 31, 2002. OM pays interest to its counterparty for undertaking to provide shares. The buy-back contract covers the outstanding options that are currently expected to be exercised. This includes the liquidity effect of social welfare contributions. If at a later date it is decided that more options than the number of shares covered by the third party are to be exercised, a decision will be made as to how delivery of additional shares will made.

CONVERTIBLE DEBENTURES AND WARRANTS

In addition to the employee stock option program detailed above, in 1998 OM issued convertible debentures and warrants to its employees. The issues were made on market terms whereby the employees paid a premium for the warrants.

Convertible debentures issued to employees	1998-12-23
Original nominal amount, SEK*	76 531 350
Conversion, 2002	161 000
Outstanding liability as at 31-12-2001	54 804 400
Nominal interest rate, % (12-month Stibor, 0.5%)	3.66
Conversion rate, SEK	161
Number of shares on full conversion of outstanding liability	340 400
Dilution upon full conversion	0.4%
Conversion with effect from	1999-04-30
Maturity date	2004-05-31

Warrants issued to employees	1998-12-23
Subscription price, SEK	161
Number of shares upon full subscription *	600 000
Dilution upon full subscription	0.7%
Subscribed as at 31-12-2002	162 700
Premium, SEK	15.30
New subscription of shares with effect from	1999-04-30
Maturity date	2004-05-31

* President and CEO Per E. Larsson issued nominal SEK 322 000 corresponding to 2 000 shares from convertible debentures and 33 400 from warrants.

SYNTHETIC OPTIONS

In 1995 45 key members of staff subscribed to synthetic options the value of which depended on the performance of the OM share. The last options were exercised in 2000 and the cost of these synthetic options was SEK 30 m.

PENSIONS

OM has a standard pension scheme for all employees apart from for the President and Chief Operating Officer. OM's scheme is based on the principles of a market-based occupational pension scheme. The premium is a fixed percentage of salary up to 30 basis points for different age intervals. Premium provision increases with age. Each pension holder has discretion over how their pension fund is to be managed.

Pension commitments are fulfilled through premium payments to independent insurers. A pension expense corresponding to the premiums paid is charged to revenue on an ongoing basis for these premium-based pension schemes.

With effect from 2002 President Per E. Larsson and Chief Operating Officer Magnus Böcker, in addition to OM's standard pension scheme, both have premium-based pension benefits that aim to provide an old-age pension corresponding to 60 percent of basic salary at age 60. The total premium provision amounts to 23 percent of their fixed monthly salary.

The portion of the pension described above that is within the deductibility limits, as stated by the principal rule, will be treated as occupational pension insurance. Those premium portions that due to their size cannot be treated as occupational pension will therefore be treated as a direct pension commitment.

OTHER REMUNERATION (OTHER BENEFITS AND SEVERANCE TERMS)

Other benefits

In addition to the occupational pension premiums detailed above, OM also pays for health insurance, occupational group life insurance (TGL) and accident at work insurance (TFA). Employees may also complement their insurance cover through OM's optional group insurance.

OM also offers its employees a number of standard benefits such as employee loans, holiday accommodations, etc.

In addition to the above, certain members of executive management have the right to comprehensive health care insurance and domestic help.

Severance terms

The period of notice that applies between OM and the President is 24 months from the company's side and 6 months from the President's side. Terms for other senior management vary from 12-18 months from the company's side and 6 months from the employee's side. In the event of a company initiative to terminate any contract of employment, remuneration will be paid corresponding to the salary that would be paid during the period of notice.

AVERAGE NUMBER OF EMPLOYEES

	2002		2001	
	Number of employees	Of which men	Number of employees	Of which men
PARENT COMPANY				
Sweden	28	13	42	22
Total Parent Company	**28**	**13**	**42**	**22**
SUBSIDIARIES				
Sweden	1 150	766	985	633
Australia	32	23	6	4
Canada	29	20	27	20
Denmark	19	15	19	14
Germany	18	14	13	10
Hong Kong	10	6	7	5
Italy	4	4	3	3
Korea	–	–	7	7
Norway	93	69	93	68
Switzerland	–	–	1	1
United Kingdom	201	142	222	158
USA	93	66	91	65
Total subsidiaries	**1 649**	**1 125**	**1 474**	**988**
JOINT VENTURES*				
Sweden	3	2	3	3
Norway	–	–	1	1
Total Joint Ventures	**3**	**2**	**4**	**4**
GROUP TOTAL	**1 680**	**1 140**	**1 520**	**1 014**

* Relates only to companies that have been consolidated using the proportional method. Information relating to the number of employees in the table relates to the percentile portion of average number of employees in the companies.

SALARIES, OTHER REMUNERATION AND SOCIAL WELFARE CONTRIBUTIONS

	2002		2001	
	Salaries and other remuneration	Social welfare expenses (of which pension expenses)	Salaries and other remuneration	Social welfare expenses (of which pension expenses)
Parent Company	27	17 (5)	34	20 (5)
Subsidiaries	775	259 (81)	694	240 (60)
Joint ventures*	2	1 (0)	1	–
GROUP TOTAL	**804**	**277 (86)**	**729**	**260 (65)**

* Relates only to companies that have been consolidated using the proportional method. Expense information relates to the percentile portion of these companies' expenses for salaries, other remuneration and social welfare expenses.

SALARIES, OTHER REMUNERATION DISTRIBUTED PER COUNTRY AND BETWEEN BOARD MEMBERS ET. AL. AND EMPLOYEES

	2002		2001	
	Board and President (of which bonus and similar remuneration)	Other employees	Board and President (of which bonus and similar remuneration)	Other employees
PARENT COMPANY				
Sweden	11 (2)	16	13 (5)	21
Total parent company	**11 (2)**	**16**	**13(5)**	**21**
SUBSIDIARIES				
Sweden	8 (1)	429	19 (8)	296
Australia	– (–)	17	– (–)	4
Canada	2 (–)	18	2 (–)	15
Denmark	1 (–)	9	1 (–)	11
Germany	– (–)	12	– (–)	7
Hong Kong	– (–)	5	– (–)	5
Italy	– (–)	3	– (–)	3
Korea	– (–)	–	– (–)	3
Norway	3 (–)	52	2 (–)	48
Switzerland	– (–)	2	– (–)	5
United Kingdom	2 (–)	109	2 (–)	159
USA	– (–)	103	– (–)	105
Total subsidiaries	**16 (1)**	**759**	**33 (1)**	**661**
JOINT VENTURES*				
Sweden	– (–)	2	– (–)	–
Norway	– (–)	–	1 (–)	–
Total Joint ventures	**– (–)**	**2**	**1 (–)**	**–**
GROUP TOTAL	**27 (3)**	**777**	**47 (6)**	**682**

* Relates only to companies that have been consolidated using the proportional method. Financial information relates to the percentile portion of these companies' expenses for salaries and other remuneration.

REMUNERATION TO THE BOARD OF DIRECTORS AND OTHER SENIOR MANAGEMENT

In accordance with the decision taken by the Annual General Meeting regarding the payment of fees to Board members, Board fees amounting to SEK 1 450 000 (1 600 000) were paid in 2002, of which SEK 700 000 (700 000) was paid to the Chairman and SEK 150 000 to each of the Board members. In addition, Board fees totaling SEK 1 314 000 (937 500) were paid during the year to subsidiary Board members. These fees have only been paid to persons who are not employees of the group.

EXPENSED REMUNERATION 2002

	Fixed salary	Variable salary	Pension	Employee stock options	Benefits in kind	Other remuneration	Total
Olof Stenhammar	–	–	–	–	18 500	680 947 [1]	**699 447**
Bengt Rydén [2]	1 153 527	–	301 083	–	52 525	–	**1 507 135**
Per E. Larsson [3]	3 780 581	1 210 000	869 400	690 000	138 206	–	**6 688 187**
Executive Management group [4]	8 367 004	2 815 000	1 989 588	1 380 000	543 014	–	**15 094 606**

1) In addition to the Board fee, a fixed as well as a profit-related payment – based on a license agreement – 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 680 947 (665 160). These payments are made in quarterly installments in arrears. The agreement was entered into in 1985 in conjunction with the inception of OM and expires in 2005 after which it is cancelable.

2) Remuneration to Board member Bengt Rydén in 2002 arises from a contract of employment with the company, which commenced in 1998 as a consequence of the merger between OM AB and the Stockholm Stock Exchange, and was terminated at the beginning of 2003 to be replaced by a more limited consultancy contract.

3) President Per E. Larsson received a fixed salary of SEK 3 780 581 (3 695 592). This amount includes a voluntary monthly additional pension contribution of around SEK 25 000. The variable salary paid to the President totaled SEK 1 210 000 (2 000 000). Pension provisions in 2002 totaled 23 percent of fixed salary that corresponded to SEK 869 000 (680 976) per year. During the year Per E. Larsson was granted 46 000 employee options with a theoretical value of SEK 690 000 (SEK 15 per option). Benefits include sick pay insurance, domestic help and health care insurance.

4) Deputy CEO and Chief Operating Officer Magnus Böcker, Stockholmsbörsen's President Kerstin Hessius, CFO Per Nordberg and CSO Anders Reveman. Expenses for CFO Per Nordberg are included from August 1, 2002.

NOTE 7. Transactions with related parties (close proximity)

Related parties refers to companies and individuals with whom OM is in a position to exercise considerable, though not controlling, influence.

When transactions with associated companies reported in accordance with the equity method are not eliminated in the consolidated financial statements, separate information is shown in the table below to disclose those transactions that took place between OM and these companies. Information relating to Joint Ventures covers that portion of transactions that are not eliminated in the consolidated financial statements.

Information relating to transactions with individuals in close proximity (Board of Directors) is set out in Note 6.

GROUP

	Sales	Purchases	Receivables	Liabilities
ASSOCIATED COMPANIES				
Nordic Exchanges A/S	–	–	–	–
Näringslivskredit, NLK AB	–	57	106	–
Orc Software AB*	0	–	86	86
Clearing Control, CCAB	–	3	0	–
ENITA AS	–	–	–	–
JOINT VENTURES				
Net Circle	5	–	0	–

*Relates to outstanding forex futures representing USD 9 million.

Sales and purchases from related parties are at market prices.

NOTE 8. Items affecting comparability

Group income has been affected by transactions and events that make comparisons difficult over time. To facilitate comparisons these expenses have been separately disclosed in the income statement.

GROUP

	2002	2001
Expenses related to cost-reduction program	57	73
Closure/restructuring of Jiway	75	408
of which write-downs	5	224
GROUP TOTAL	132	481

NOTE 9. Financial items

	Group		Parent company	
	2002	2001	2002	2001
Income from shares in group companies				
Dividends	–	–	–	–
Anticipated dividend	–	–	100	200
Capital gains/losses from disposals	0	-2	–	–
Recalculation of dependent subsidiaries	4	–	–	–
Total	**4**	**–2**	**100**	**200**
Income from participations in associated companies				
Dividends	1	0	–	–
Total	**1**	**0**	**–**	**–**
Income from other securities and receivables that are fixed assets				
Dividends	21	18	1	2
Interest income	0	19	–	19
Exchange rate gains	0	–	–	–
Total	**21**	**37**	**1**	**21**
Other interest income and similar items of income				
Dividends	0	0	–	–
Interest	86	72	5	6
Interest – group	–	–	0	–
Exchange rate differences	–	18	5	–
Capital gains	3	13	–	–
Total	**89**	**103**	**10**	**6**
Interest expenses and similar expense items				
Interest	-135	-150	-26	-36
Interest – group	–	–	-41	-58
Exchange rate differences	-12	–	–	–
Other	0	-4	–	–
Total	**–147**	**–154**	**–67**	**–94**
TOTAL FINANCIAL ITEMS	**–32**	**–16**	**44**	**133**

NOTE 10. Associated companies and joint ventures

PARTICIPATIONS IN ASSOCIATED COMPANIES' INCOME

	Domicile	Corp. ID number	Group 2002	Group 2001
Nordic Exchanges A/S	Copenhagen, Denmark		0	0
Näringslivskredit, NLK AB	Stockholm	556270-1432	10	13
Orc Software AB	Stockholm	556313-4583	28	21
ENITA AS	Trondheim, Norway		0	0
Other			0	-1
TOTAL			**38**	**33**

EQUITY SHARES IN ASSOCIATED COMPANIES

	Votes and equity shares, %	Number of shares	Group 2002	Group 2001	Market value in SEK m 31/12 2002
Nordic Exchanges A/S	32	20 000	2	2	–
Näringslivskredit, NLK AB	48*	1 600 374	153	443	–
Orc Software AB	30	4 488 075	81	73	304
ENITA AS	34	3 100	26	24	–
E-Desk Intressenter	50	500	0	–	–
Clearing Control, CCAB	50	500	1	–	–
TOTAL			**263**	**542**	**304**

* Equity share amounts to 90%

JOINT VENTURES

	Domicile	Corp. ID number	Votes and equity shares, %
Net Circle	Stockholm	556606-5420	50

For information on the average number of employees and personnel expenses, see Note 6.

Income Statement		**Balance Sheet**	
Revenue	0	Fixed assets	0
Expenses	-10	Current assets	2
Operating income	-10	**Total assets**	**2**
Net financial items	0	Shareholders' equity	2
Tax	0	Long-term liabilities	0
		Short-term liabilities	0
Net income for the year	**–10**	**Total shareholders' equity and liabilities**	**2**

The summarized balance sheet and income statement above show the total amounts that belong to participations in Joint Ventures.

NOTE 11. Taxes

Both actual and deferred income tax is reported for Swedish and foreign group entities under "Taxes" in the income statement. 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 2002 was 28 percent and was calculated on nominal reported income adding non-deductible items and deducting non-taxable revenue.

Income after financial items is distributed as follows:

	Group		Parent Company	
	2002	2001	2002	2001
Sweden	77	-479	-85	-627
Other countries	-171	-23	–	–
Participations in associated companies' income	38	33	–	–
TOTAL	**-56**	**-469**	**-85**	**-627**

Tax for the year is distributed as follows:

	Group		Parent Company	
	2002	2001	2002	2001
Current tax				
Sweden	-94	-5	42	150
Other countries	-1	-16	–	–
Total current tax	**-95**	**-21**	**42**	**150**
Deferred tax				
Sweden	12	194	–	75
Other countries	68	60	–	–
Total deferred tax	**80**	**254**	**–**	**75**
TOTAL TAX	**-15**	**233**	**42**	**225**

The group reports a tax expense of SEK 15 m for 2002. The group's tax expense for the year was significantly affected by the fact that set-offs cannot be performed between operations in different countries. The difference between the nominal Swedish rate of 28 percent and the group's tax rate is attributable primarily to the lower income level as well as the income distribution between different countries.

The Parent Company's tax credit was attributable to the year's loss as well as to previously reported capital deficits that were utilized during the year. The tax expense related to the group contribution received has been charged directly against shareholders' equity in accordance with the Swedish Accounting Standards Council's Emerging Issues Task Force's Directive URA 7. This, however, does not result in a tax payment as the group contribution received is balanced out in the tax return against previous years' deficits.

Accumulated tax deductible loss allowances are distributed as follows:

	Group		Parent Company	
	2002	2001	2002	2001
Sweden	452	763	0	269
Other countries	392	217	–	–
TOTAL	**844**	**980**	**0**	**269**

Deficits in Swedish companies can be utilized at any time, with no time restrictions. For foreign subsidiaries, the utilization of deficits is, in some cases, time restricted. Certain foreign deficits must be utilized within 10 years. Consideration is given to anticipated profitability and utilization time limits when valuing deductible deficits, i.e. tax receivables, in foreign operations.

Total deficits at the year-end can be used no later than in the following years:

	Group		Parent Company	
Utilization year	2002	2001	2002	2001
2003	–	–	–	–
2004	–	–	–	–
2005	–	–	–	–
2006	–	–	–	–
2007	–	–	–	–
2008-	157	132	–	–
Unlimited	687	848	–	269
TOTAL	**844**	**980**	**–**	**269**

Deferred tax receivables and tax liabilities are distributed as follows:

	Group		Parent Company	
	2002	2001	2002	2001
Deferred tax receivables				
Deficit allowances	244	263	–	76
Provisions for restructuring measures	3	52	–	–
Temporary differences, net	6	–	–	–
Total deferred tax receivables	**253**	**315**	**0**	**76**
Deferred tax liabilities				
Untaxed reserves	-51	-109	–	-23
Total deferred tax liabilities	**-51**	**-109**	**0**	**-23**
DEFERRED TAX RECEIVABLES	**202**	**206**	**0**	**53**

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

In 2001 an expense provision of SEK 18 m was made in relation to two ongoing taxation disputes. The provision remains unchanged in the 2002 financial statements as no court decision was made during the year. During 2002 associated company NLK lost a taxation dispute in the County Court. NLK has appealed the County Court's decision in the Administrative Court of Appeal. No provision has been made for this, as the dispute is not considered to impact OM's financial results. No current disputes, either individually or collectively, are considered to pose any material threat to the group's commercial operations, its financial position or its net income.

NOTE 12. Operational leasing

GROUP

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

LEASING FEES FOR THE PERIOD

	2002	2001
Equipment	47	40
Computer operation	14	47
Premises	196	156
Other	0	6
TOTAL	**257**	**249**

CONTRACTED LEASING FEES

	2003	2004	2005	2006	2007	2008–13
Equipment	49	12	8	4	4	19
Computer operation	15	13	11	6	0	0
Premises	162	224	224	157	151	823
TOTAL	**226**	**249**	**243**	**167**	**155**	**842**

At year-end the total amount of future minimum leasing fees pertaining to non-terminable contracts for sub-contracted items, totaled SEK 0 m (22).

CONTRACTS ENTERED INTO IN 2002

In 2002 a number of new contracts were entered into as a consequence of acquisitions. Set out below are the annually contracted minimum leasing fees for these contracts.

	From 2002	From 2003	From 2004
Equipment	–	40	37
Computer operation	5	3	1
Premises	95	90	147
TOTAL	**100**	**133**	**185**

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

PARENT COMPANY

OM AB has no financial leasing commitments. Set out below are the operational leasing commitments in the group.

LEASING FEES DURING THE PERIOD

	2002	2001
Premises	82	56

CONTRACTED LEASING FEES

	2003	2004	2005	2006	2007	2008–13
Premises*	76	144	143	73	68	407
Of which subletting to group companies	73	141	140	69	64	386

* With effect from 2004 a contract for SEK 68 m is included in these figures. This relates to OM's new premises in Frihamnen, Stockholm.

NOTE 13. Goodwill, other intangible assets and equipment

GROUP

	Goodwill	Other intangible assets	Equipment
Acquisition value brought forward	1 297	580	917
Assets acquired through acquisitions	–	2	2
Assets acquired through the year	42	20	75
Capitalized development expenses	–	108	–
Reclassifications	–	-6	-11
Acquisition value carried forward	**1 339**	**704**	**983**
Depreciation and write-downs brought forward	315	245	396
Depreciation for the year	129	3	111
Depreciation on capitalized development expenses	–	80	–
Write-downs	–	50	8
Exchange rate differences	-8	-18	-7
Depreciation carried forward	**436**	**360**	**508**
BOOK VALUE	**903**	**344**	**475**

Write-downs of intangible assets have been carried out against the restructuring reserve brought forward relating to Jiway.

Of equipment write-downs SEK 3 m was against the restructuring reserve brought forward relating to Jiway, and SEK 5 m relates to the closure of Jiway and is reported among "Items affecting comparability" in the income statement.

PARENT COMPANY

	Other intangible assets
Acquisition value brought forward	93
Disposals	-89
Acquisition value carried forward	**4**
Depreciation brought forward	26
Depreciation for the year	21
Disposals	-45
Depreciation carried forward	2
BOOK VALUE	**2**

Other intangible assets comprise the following items:

	Group		Parent Company	
	2002	2001	2002	2001
Development expenses brought forward	311	299	–	36
Licenses	19	19	2	16
Other	14	17	–	15
TOTAL	**344**	**335**	**2**	**67**

Other intangible assets comprise primarily development expenses brought forward relating to OM's systems solutions. The major components of this development are the new development of EXIGO CSD™ (a new system for settlement and other CSD financial services), CLICK XT™ (next generation of CLICK™), STP (systems solution for banks and brokerage firms) and CONDICO™ (systems platform for energy trading). Goodwill relates primarily to the Stockholm Stock Exchange and Energy Systems AS.

EXPENSED SYSTEMS DEVELOPMENT COSTS

The main principle is and has been to expense development costs. This means that technology and systems platforms such as SAXESS™, CLICK™ and SECUR™ etc are not reported in the balance sheet.

DEPRECIATION

The economic lifetime for equipment including capitalized expenses for rebuilding is 5 years.

The economic lifetime of intangible assets is distributed as follows:

	Acquisition value	Book value
Development in progress	120	120
3 years	28	10
5 years	950	409
10 years	100	76
20 years	845	632
TOTAL	**2 043**	**1 247**

Depreciation of assets under development is expected to start during the second half 2003. Assets with an economic lifetime exceeding 5 years comprise entirely goodwill, of which SEK 632 m relates to the Stockholm Stock Exchange. Depreciation is assessed on a continuous basis. During 2002 the estimated economic lifetime was shortened for certain assets. Consequently the depreciation period for these assets has become shorter.

NOTE 14. Shares in group companies

PARENT COMPANY

	2002	2001
Acquisition value brought forward	2 594	3 065
Acquisitions during the year	56	72
Shareholders' contribution	19	–
Disposals	–	-543
Acquisition value carried forward	2 669	2 594

PARENT COMPANY

	Domicile	Corporate ID number	Votes and equity share %	Book value
Bond Connect Europe	London, England	–	50	3
OM Räntebörsen AB	Stockholm	556352-5574	100	47
Stockholmsbörsen AB	Stockholm	556383-9058	100	1 095
OM Broker Services AB	Stockholm	556405-0127	100	56
OM Technology AB	Stockholm	556314-8138	100	200
OM Transaction Development	Stockholm	556547-6834	100	0
OM Treasury AB	Stockholm	556211-6854	100	770
OM Treasury AG	Zug, Switzerland	–	33*	52
Natural Gas Exchange Inc.	Calgary, Canada	–	100	117
Risk Management Stockholm AB	Stockholm	556355-0036	100	3
Stockholms Fondbörs AB	Stockholm	556420-8394	100	306
XACT AB	Stockholm	556525-6830	100	20
TOTAL				**2 669**

* The remaining 67 percent is owned by wholly owned subsidiary OM Treasury AB

ACQUISITIONS 2002

	Operations	Acquisition value	Time of acquisition
OM Broker Services AB	Back-Office services	56	April 2002
TOTAL		**56**	

OM Broker Services AB was formerly a wholly owned subsidiary of OM Technology AB.

NOTE 15. Other long-term securities holdings

GROUP

	2002	2001
Acquisition value brought forward	77	77
Acquisitions during the year	17	–
Reclassifications	-1	–
Acquisition value carried forward	**93**	**77**

PARENT COMPANY

	Votes and equity shares, %	No. of shares	Book value 2002	Book value 2001
NOS AS	12	1 749 700	4	4
TOTAL			**4**	**4**

SUBSIDIARIES

	Votes and equity shares, %	No. of shares	Book value 2002	Book value 2001
Helsinki Exchanges OY	16	2 103 717	72	72
Adirondack	1		17	–
Ostfold Innovasjon AS	2	1	0	–
Other			–	1
TOTAL			**89**	**73**
TOTAL GROUP			**93**	**77**

NOTE 16. Other long-term receivables

	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Collateral, employee stock option program	14	308	14	308
Other deposits	70	76	–	–
Long-term project receivables	131	103	–	–
Other	28	53	–	–
TOTAL	**243**	**540**	**14**	**308**

The hedging arrangements for OM's employee stock option program were reorganized in 2002.

NOTE 17. Prepaid expenses and accrued revenue

	Group		Parent Company	
	2002	2001	2002	2001
Rents, interest	96	39	21	20
Systems sales, Facility Management*	229	205	–	–
Information sales	18	21	–	–
Transaction revenue	23	22	–	–
Other	138	88	14	11
TOTAL	504	375	35	31

* Relates primarily to project revenue reported in accordance with the principle of ongoing income recognition. Project revenue is reported as revenue in the accounting period during which work is carried out. Customer invoicing terms are usually set within a contract and it is not uncommon that payments do not correspond to work carried out at any given time. Work that has been carried out, but that has not yet been invoiced, is treated as a receivable on the customer's account with OM. In the event of uncertainty surrounding receipt of payment for amounts reported as revenue, the amount that is considered unlikely to be received is reported as an expense and as such is not a deduction from revenue.

NOTE 18. Short-term investments

Short-term investments comprise 100 percent (87) Government securities.

NOTE 19. Shareholders' equity

The share capital of the Parent Company is divided between SEK 84 041 118 (84 040 118) shares with a par value of SEK 2. The Group's shareholders' equity amounted to SEK 24 (27) per share.

Shareholders' equity has been reduced as a consequence of measures taken to hedge the employee stock option program. In order to limit dilution, to secure the provision of shares when exercise of these options is requested and, in the event of a price increase, to limit the outflow of liquidity due to social welfare contributions, OM entered into a contract (swap transaction) with a third party for the provision of OM shares. The contract, which runs until June 30, 2007, corresponds to 1.4 million shares at an agreed price of SEK 62 per share. These measures, which have resulted in a reduction in shareholders' equity, correspond to the difference between the agreed share price and the share price as at December 31, 2002. See Note 6.

The application of the equity method of accounting for associated companies means that the value of shareholders' equity in the group is reported at SEK 65 m (38) higher than the value that would arise from using the acquisition method of accounting.

At the beginning of the fiscal year accumulated translation differences posted directly against shareholders' equity totaled SEK -130 m. At the year-end accumulated translation differences totaled SEK -80 m. The reclassification of a number of subsidiaries from independent to dependent has resulted in an increase in shareholders' equity of SEK 23 m, and has also had a SEK 4 m positive impact on income. Translation differences for the year relate primarily to the Swedish krona/USD exchange rate.

NOTE 20. Untaxed reserves

CATASTROPHE RESERVE

Stockholmsbörsen and OM London Exchange have subscribed to long-term indemnity insurance relating to clearing members' failure to fulfill their financial obligations. This insurance is designed to cover losses arising from clearing operations that would normally be covered only by the shareholders' equity of each company. The insurance has been underwritten by OM's wholly owned subsidiary, OM Capital Insurance AG, in Switzerland, which has been partially reinsured through Radian Asset Assurance Inc in the US. Provisions for the catastrophe reserve have been made by OM Capital Insurance AG.

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 0 m (82).

NOTE 21. Restructuring reserve

	Group		Parent Company	
	2002	2001	2002	2001
Opening balance	149	–	–	–
Provisions made during the period	132	483	–	–
Utilized reserves	-210	-332	–	–
Dissolution	–	-2	–	–
TOTAL	71	149	–	–

The remaining reserves from 2001 total SEK 10 m, which relates to the closure of Jiway. During 2002 additional reserves were created due to the closure of Jiway's operations. All outstanding reserves will be utilized during 2003. Provisions of SEK 57 m were also made in 2002 for the cost-reduction program, of which the remaining SEK 2 m is expected to be utilized in 2003.

NOTE 22. Other provisions

	Group		Parent Company	
	2002	2001	2002	2001
Other provisions	–	40	–	–
Hedging of OM's employee stock options	29	326	29	326
TOTAL	29	366	29	326

During 2002 most of the reserve brought forward from 2001 for the employee stock option program was utilized. For further information see Note 6.

NOTE 23. Other long-term liabilities

Other long-term liabilities are distributed as follows:

	Group		Parent Company	
	2002	2001	2002	2001
Bond loan	200	–	200	–
Other	3	11	–	–
TOTAL	203	11	200	–

In order to extend the lifetime of the loan portfolio, credit facilities were further extended during the year by a long-term credit of SEK 200 m, which expires on July 1, 2005.

NOTE 24. Financial risk management

OM is exposed to different types of financial risks through its operations. 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 and lowers financing costs, in addition to gaining better control and management of the group's financial risks. A finance policy adopted by the Board of Directors forms the regulatory framework for financial risk management and financing operations as a whole. OM Treasury's goal is to maximize OM net finances within given risk limits.

CURRENCY RISKS

A considerable proportion of OM's turnover is derived from operations outside of 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 350 m, of which USD represents approximately 70 percent. Each group company is responsible for hedging its own payment flows in foreign currencies. 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 fully hedged under forward contracts, 75 percent of contracted flows between 1-2 years and 50 percent of contracted flows 2 years and beyond. Deviations from the hedging level prescribed by this policy may take place depending on the operations' profitability and currency assessments. The impact on income of currency hedging in 2002 was SEK 30 m. The value of as yet unreported hedging amounted to SEK 6 m as at December 31, 2002.

In conjunction with the revaluation of assets and liabilities in OM's foreign subsidiaries into Swedish krona, changes to exchange rates can impact the group's balance sheet. This translation exposure is not hedged 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. The duration of liabilities are normally short but can be extended to limit the negative impact of an interest rate increase. The average duration during 2002 varied between one and ten months. In accordance with OM's finance policy the average duration for OM's clearing capital for exchange and clearing operations may be up to a maximum of 4 years, with other liquidity invested with a short duration. OM's financial assets at the year-end totaled SEK 1 389 m and its borrowing liability was SEK 2 058 m. As at December 31, 2002 there were guaranteed credit facilities of SEK 3 700 m of which SEK 2 049 m had been utilized. As at December 31 the duration for borrowing stood at 7 months. The duration of OM's clearing capital for the exchange and clearing operations was 1.8 years. A fall in the Swedish bond interest rate of one percentage point would give rise to a positive/negative, non-recurring effect on the portfolio value of SEK 17 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 financial instruments. 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 netting 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 by entering as the counterparty to both the buyer and the seller. Central counterparty clearing 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. As protection against the risks that consequently arise, Stockholmsbörsen requires members and end-customers to pledge collateral.

Stockholmsbörsen's clearing operations are located in Stockholm and London. Clearing at OM London Exchange is at the member level, while clearing in Stockholm is at the end-customer level. In addition to clearing exchange-traded derivative products, Stockholmsbörsen offers TMC, or Tailor-Made Contracts, a service for clearing OTC derivatives. 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.

NOTE 25. Accrued expenses and prepaid revenue

	Group		Parent Company	
	2002	2001	2002	2001
Personnel expenses	67	77	8	11
Systems sales*	97	98	–	–
Facility Management*	23	14	–	–
Issuers' fees**	48	48	–	–
Other	181	155	39	10
TOTAL	**416**	**392**	**47**	**21**

* Customer invoicing terms for projects are usually set within a contract and it is not uncommon that payments do not correspond to work carried out at a given time. Work that has been invoiced, but not yet carried out, is treated as a liability to the customer. During the period when the work to which the invoice relates is carried out, this liability is re-booked as revenue.

** Relates to listing fees paid by companies listed on Stockholmsbörsen. These fees are paid quarterly in advance and are based on the average market capitalization of a company over the preceding 12-month period.

NOTE 26. Due dates for receivables and liabilities

Due dates for receivables and liabilities are distributed as follows:

GROUP

	Within 12 months	Within 2–5 years	After 5 years
Other long-term receivables	–	159	84
Accounts receivable	359	–	–
Other receivables	207	1	–
Prepaid expenses and accrued revenue	504	–	–
Convertible debentures	–	-55	–
Other long-term liabilities	–	-203	–
Liabilities to credit institutions	-1 802	–	–
Accounts payable	-215	–	–
Tax liabilities	-1	–	–
Other liabilities	-58	-2	–
Accrued expenses and prepaid revenue	-415	-1	–
TOTAL	**–1 421**	**–101**	**84**

PARENT COMPANY

	Within 12 months	Within 2–5 years	After 5 years
Other long-term receivables	–	14	–
Receivables with group companies	566	–	–
Other receivables	5	–	–
Prepaid expenses and accrued revenue	35	–	–
Convertible debentures	–	-55	–
Other long-term liabilities	–	-200	–
Accounts payable	-2	–	–
Liabilities to group companies	-1 372	–	–
Tax liabilities	0	–	–
Other liabilities	-35	–	–
Accrued expenses and prepaid revenue	-47	–	–
TOTAL	**–850**	**–241**	**–**

NOTE 27. Interest bearing and non-interest bearing receivables and liabilities

Interest-bearing and non-interest bearing receivables and liabilities are distributed as follows:

	Group 2002		Parent Company 2002	
	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing
Intangible fixed assets	–	1 247	–	2
Tangible fixed assets	–	475	–	0
Financial fixed assets	109	743	14	2 673
Short-term receivables	5	1 066	–	606
Short-term investments	993	–	–	–
Cash and bank balances	282	–	0	–
Long-term liabilities	-256	-2	-255	–
Short-term liabilities	-1 802	-692	–	-1 456
TOTAL	**–669**	**2 837**	**–241**	**1 825**

NOTE 28. Collateral pledged to Stockholmsbörsen and OM London Exchange

GROUP

COMPANY	2002	2001
Stockholmsbörsen	5 116	7 041
OM London Exchange	1 669	2 676
TOTAL	**6 785**	**9 717**

NOTE 29. Collateral pledged

GROUP

COMPANY	2002	2001	
OM London Exchange	–	46	Leasehold deposit
OM Treasury AB	47	35	Leasehold deposit
OM AB	14	308	Hedging of employee stock option program
TOTAL	**61**	**389**	

NOTE 30. Contingent liabilities

GROUP

COMPANY	2002	2001	
OM AB	874	359	General surety given
OM Technology AB	37	–	
OM Treasury AG	–	1	
TOTAL	**911**	**360**	

NOTE 31. Earnings per share

EARNINGS PER SHARE BEFORE DILUTION

	2002	2001	2000
Net income for the year	-71	-25	730
Average number of shares outstanding	84 040 868	84 037 865	83 912 210
Earnings per share	**–0.85**	**–0.30**	**8.69**

EARNINGS PER SHARE AFTER DILUTION

	2002	2001	2000
Net income for the year	-71	-25	730
Interest on convertible debentures after tax	1.5	1	2
Net income for the year after full conversion	**–69.5**	**–24**	**732**
Average number of shares after full conversion and with full utilization of options**	84 818 818	84 818 818	84 818 818
Earnings per share	**–0.85***	**–0.30***	**8.63**

* Potential ordinary shares do not have a dilution effect when their conversion into ordinary shares increases earnings per share or if the average share price during the year has been lower than the current subscription price. Calculation of the average share price is based on the price on the last trading day of every month.

** For information relating to OM's employee stock options, convertible debentures and synthetic options see Note 6.

CHANGE IN THE NUMBER OF SHARES

	2002	2001	2000
Outstanding number of shares at start of year	84 040 118	84 034 618	83 743 468
Conversion of convertibles	1 000	1 500	132 450
Conversion of warrants	–	4 000	158 700
Outstanding number of shares at the year-end	84 041 118	84 040 118	84 034 618

NOTE 32. Cash flow

FINANCIAL ITEMS

Financial items with an impact on cash flow were distributed as follows:

	Group		Parent Company	
	2002	2001	2002	2001
Income from shares in group companies				
Dividends	1	–	–	–
Total	**1**	**–**	**–**	**–**
Income from other securities and receivables that are fixed assets				
Dividends	21	18	1	2
Interest income	–	19	–	19
Total	**21**	**37**	**1**	**21**
Other interest income and similar items of revenue				
Dividends	0	0	–	–
Interest	86	72	5	6
Interest – Group	–	–	–	–
Translation differences	–	18	5	–
Total	**86**	**90**	**10**	**6**
Interest expenses and similar expense items				
Interest	-135	-150	-26	-36
Interest – Group	–	–	-41	-58
Translation differences	-11	–	–	–
Other	0	-4	–	–
Total	**–146**	**–154**	**–67**	**–94**
TOTAL FINANCIAL ITEMS	**–38**	**–27**	**–56**	**–67**

CASH FLOW FROM ACQUISITIONS AND DISPOSALS

The cash flow from the acquisition of Energy Point AS and the remaining 50 percent of Power Clearing System AS is distributed as follows:

	Group	
	2002	**2001**
Intangible fixed assets	56	25
Tangible fixed assets	1	1
Financial fixed assets	0	11
Receivables	2	3
Liquid funds	59	3
Long-term liabilities	0	-3
Short-term liabilities	-16	-26
Minority interests	–	–
Total purchase sum	**102**	**14**
Less: Liquid assets in acquired group companies	-59	-3
Cash flow from group companies acquired, net	43	11
Purchase sum – other acquisitions *	–	155
Cash flow from acquisitions (negative)	43	166

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

During the year two subsidiaries were disposed of: OM Finans AB and Stockholms Optionsmarknad AB. The companies were sold for a total of SEK 143 000. Shareholders' equity in the companies amounted to SEK 116 000.

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:

	Group		Parent Company	
Investment operations	2002	2001	2002	2001
Depreciation	323	359	3	26
Write-downs of other intangible assets	50	151	–	–
Write-downs of tangible assets	8	45	–	–
Reduction of deferred tax receivables	62	-269	76	-75
Reduction of deferred tax liabilities	58	–	–	–
Goodwill acquired during the year	42	168	–	–
Write-down of shareholders' equity in Näringslivskredit, NLK AB	300	–	–	–
Change in the provision for loss risks related to hedging of OM's employee stock option program	294	133	294	133
Financing operations				
No significant items	–	–	–	–

LIQUIDITY AND FINANCING

Interest-bearing net assets amounted to SEK -669 m (-119) at the end of the reporting period. OM's interest-bearing financial assets totaled SEK 1 389 m (2 013), of which SEK 109 m (359) were financial fixed assets.

Interest-bearing financial liabilities amounted to SEK 2 058 m (2 132), of which SEK 56 m (55) were long-term.

Agreed credit facilities amounted to SEK 3 700 m (2 910), of which SEK 2 049 m (2 060) was utilized. Liquid funds totaled SEK 1 275 m (1 654) and consisted of short-term investments and cash and bank balances.

Stockholm, January 28, 2003

Olof Stenhammar
Chairman

Gunnar Brock

Jan R. Carendi

Thomas Franzén

Nils-Fredrik Nyblæus

Adine Grate Axén

Bengt Rydén

Per E. Larsson
President and Chief Executive Officer

We submitted our audit report on January 28, 2003

Björn Fernström
Authorized Public Accountant

Stephan Tolstoy
Authorized Public Accountant

Auditors' Report

To the general meeting of 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 Managing Director of OM AB for the year 2002. 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 of the company 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 report and 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 Managing Director, as well as evaluating the overall presentation of information in the annual accounts and 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 determine the liability to the company, if any, of any Board member or of 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 consolidated accounts have been prepared in accordance with the Annual Accounts Act, and thereby give a true and fair view of the company and group's financial positions and of the results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets for 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 Managing Director be discharged from liability for the financial year.

Stockholm, January 28, 2003

Björn Fernström
Authorized Public Accountant

Stephan Tolstoy
Authorized Public Accountant

Board of Directors

Top from left to right: Gunnar Brock, Thomas Franzén, Jan R. Carendi and Nils-Fredrik Nyblæus.
Below from left to right: Per E. Larsson, Olof Stenhammar, Adine Grate Axén and Bengt Rydén.

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, Olympialaget Våga Vinna. Åre 2007, Stiftelsen Mentor Sverige and Hela Programmet AB. Board member of Liedstiernan AB, LjungbergGruppen AB, Svenska Sjöräddningssällskapet, Ekonomi24 and Handelshögskolan's Advisory Board. Member of SNS Förtroenderåd and the Stockholm Chamber of Commerce. Shareholding in OM: 3 491 150 shares (held privately and through companies).

ADINE GRATE AXÉN

Born 1961. Member of the Board since 2002. Director of Investor AB. Board member of Grand Hôtel Holdings and Hi3G Access AB. Member of the Securities Council and the Industry and Commerce Stock Exchange Committee. Shareholding in OM: 0.

GUNNAR BROCK

Born in 1950. Member of the Board since 2001. President and CEO of Atlas Copco AB, Board member of Atlas Copco AB and Lego AS. 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. M.B.A. Ph.D. H.C. Senior Adviser for Skandia. Chairman of the Board of Skandia Vida, Spain. Chairman of the Board of Anticimex. Board member 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. Ph.D in Economics. Director General of the Swedish National Debt Office. Chairman of the Board of the Swedish National Debt Office. 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 and Danderyds Sjukhus AB. Member of the Board of Förenings-Sparbanken Group Profit Participation Foundation (Kopparmyntet), the Association for the Development of Generally Accepted Accounting Principles, Alfaros AB, Swedish Bankers' Association, Marakanda Marknadsplats AB, AB Spintab and Robur 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. Member of the Board of Stockholmsbörsen AB and the Stockholm Institute for Financial Research Foundation. Fellow of the Swedish Academy of Engineering Science (IVA) and the Svenska Revisionsakademien. Member of the Government's Commission on Business Confidence. 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 282 000 employee stock options (see pages 64-65).

* Convertible debentures and warrants all correspond to one share each. All information is as of January 2003.

Board Activities during 2002, Auditors etc

The Board held 13 meetings in 2002.
Issues requiring special attention included the following:

- Strategy issues
- Cost-reductions
- Auditing and accounting issues
- Salary and remuneration principles, including employee stock options
- Ethics policy
- Equal opportunity work
- Exchange and clearing operations
- Clearing capital structure for Stockholmsbörsen and OMLX
- Central Counterparty Clearing for equity trading
- Closure of Jiway
- EDX London
- Stock market confidence issues
- Various technology projects and deliveries
- UKPX
- Finance policy
- Treasury and funding
- Risk management
- Financial targets
- Financial reporting and financial management of subsidiaries
- Relocation of Stockholm office – OM Port
- Taxation
- Evaluation of Board activities

Two Board committees are directly subordinate to the Board of Directors: the Auditing Committee and the Remuneration Committee. These committees regularly present progress reports to the Board.

Auditing Committee

The role of the Auditing Committee is to assist the Board in matters involving external and internal financial control issues. Its tasks consist of maintaining continuous contact with both auditors and OM's group controller, drawing up internal audit routines and 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 held seven recorded meetings during the year.

Issues requiring special attention included the following: management and control issues, accounting for the employee stock option program, valuation principles for certain assets, group security issues, group risk management, organization of the group internal audit, accounting issues, surveillence of independence of auditors, principles regarding financial information, Stockholmsbörsen's operational risks, financing issues and the reporting of ongoing legal disputes. Members: Thomas Franzén (Chairman) and Nils-Fredrik Nyblæus.

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 President and Executive VP. In addition, it proposes remuneration for the Board members within those OM companies indicated specifically by the Board, and also proposes principles for salaries, salary benefits and other remuneration for OM employees.

Issues requiring special attention included the following: remuneration package for President and Executive VP and details of the employee stock option program. Members: Olof Stenhammar (Chairman), Adine Grate Axén and Bengt Rydén.

Nominating committee

The Nominating Committee comprises representatives from OM's major shareholders whose task it is to provide the general meeting of shareholders with nominations for Board members and auditors as well as to propose remuneration for these individuals. The Committee held a number of meetings during the year. Members: Olof Stenhammar, Anders Ek (Robur), Marcus Wallenberg (Investor) and Claes Åhnstrand (Department of Trade, Industry and Communication).

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.

Executive Management

Top from left to right: Per Nordberg, Kerstin Hessius and Anders Reveman. Below from left to right: Per E. Larsson and Magnus Böcker.

GROUP EXECUTIVE MANAGEMENT

PER E. LARSSON
President and Chief Executive Officer. Born in 1961. Employed since 1985.
Shareholding in OM: see pages 64-65, 78.

MAGNUS BÖCKER
Executive VP and Chief Operating Officer (COO). Born in 1961. Employed since 1986.
Shareholding in OM: 94 726 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: 50 000 employee stock options*.

PER NORDBERG
Chief Financial Officer. Born 1956. Employed since August 2002.
Shareholding in OM: 10 000 employee stock options.

ANDERS REVEMAN
Chief Strategy Officer (CSO). Born in 1944. Employed since 2000.
Shareholding in OM: 1 000 shares and 50 000 employee stock options*.

* Convertible debentures and warrants all correspond to one share each. All information is as of January 2003.

The OM share

BROKERS WHO ANALYZED THE OM SHARE IN 2002

- ABN Amro Alfred Berg
- BNP Paribas
- CAI Cheuvreux Nordic
- Cazenove & Co
- D. Carnegie
- Deutsche Bank
- Enskilda Securities
- HSBC
- JP Nordiska
- Nordea Securities
- Remium Securities
- Sal. Oppenheim
- Skandiabanken
- Svenska Handelsbanken
- Swedbank
- UBS Warburg
- WestLB Panmure
- Öhman Fondkommission

The OM share's price performance was very weak during 2002. In the same period that the OMX index fell 42 percent, the OM share fell by 70 percent.

The year's high was on January 3 when the OM share closed at SEK 148.5, equivalent to a market capitalization of approximately SEK 12 billion. The year's low was on October 8 when the OM share closed at SEK 24. At year-end the OM share closed at SEK 41.6, equivalent to a market capitalization of approximately SEK 3.5 billion.

The average total annual return (price change and reinvested dividend) for the OM share during the past 10 years is 19 percent. The corresponding increase in Stockholmsbörsen's OMX index was 16 percent during the same period. The OM share is listed on Stockholmsbörsen's A list.

OM share capital and number of shares

OM made changes to its share capital during 2002. At year-end 2002 share capital totaled SEK 168 m, distributed between 84 041 118 shares each with a par value of SEK 2. Convertible debentures, issued in 1998, equivalent to 1 000 shares, were converted during the year. Outstanding debentures equivalent to 340 400 shares at year-end, allow for the conversion of OM shares up to May 2004. Outstanding warrants, issued in 1998, corresponding to 437 300 shares allow for the conversion of OM shares up to May 2004. Upon full conversion and full utilization of these warrants, 777 700 shares can be introduced. This would mean a total of 84 818 818 OM shares, equivalent to a dilution effect of just under 1 percent.

> "The OM share's price performance was very weak during 2002."

OM share turnover

Total turnover in OM shares increased by 24 percent, from 41 to 51 million OM shares, including transactions post-reported. On average 203 795 shares per day were traded, an increase of 23 percent year-on-year. Turnover was highest in October when a total 7.6 million shares were traded.

OM share price volatility

Volatility is a 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 changes in a share price. The volatility of the OM share as at December 30, 2002 was 71 percent compared with 64 percent at the end of 2001.

The beta coefficient is another measure of risk that demonstrates a share's sensitivity to market fluctuations compared to the stock market as a whole during a particular period. A beta value greater than 1 means that the share is more sensitive 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 calculation for the beta coefficient of the OM share over a rolling 60-month period is 1.80, measured against the OMX index during recent months. This means that the OM share price varied 80 percent more than the index during the measurement period.

Number of shareholders

The number of shareholders increased and was 18 312 (16 165) at the year-end. Swedish institutional ownership increased during the year and at the year-end, 56 (52) 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 11.5

percent (19.8). At the same time total foreign ownership on Stockholmsbörsen was 34 (34) percent.

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 2002 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 2.4 percent.

Dividend issue

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 27, 2003.

PRICE RELATED DATA	1998	1999	2000	2001	2002
Share price at year-end, SEK	102	185	233	138	41.6
Share price/Shareholders' equity per share	3.1	5.6	6.7	5.1	1.8
Direct yield, %	4.4	2.7	2.6	0.7	2.4
Earnings multiplier, P/E ration at year-end	35	27	27	–	–
Beta (60-month) at year-end, last paid	0.84	1.03	1.51	1.54	1.80
Volatility (250 days) at year-end	46	44	76	64	71
Average number of OM shares traded per day, 000s	139	154	182	166	204
Average value of OM shares traded per day, 000s	18 459	17 071	67 568	24 414	15 454

KEY FIGURES PER SHARE, SEK	1998	1999	2000	2001	2002
Earnings	4.55	5.30	8.69	–0.30	-0.85
Dividend as percent thereof (proposed)	99	94	69	–	–
Earnings after full conversion	4.50	5.23	8.61	–0.30	-0.85
Dividend (proposed)	4.50	5.00	6.00	1.00	1.00
Dividend, annual change, %	13	11	20	–83	0
Shareholders' equity	33	34	36	27	24
Shareholders' equity after full conversion	33	33	35	27	24
Number of shares, 000s	83 743	83 743	84 035	84 040	84 041
Number of shares after full conversion, 000s	1 075	1 075	784	779	778

PRINCIPAL OWNERS, 31-12-2002	Share capital	Number of shares and votes, %
Investor AB	14 350 507	17.1
Swedish state	7 993 466	9.5
AMF Pension	6 340 000	7.5
Robur Fonder	4 068 113	4.8
Alecta	3 792 644	4.5
FöreningsSparbanken	3 753 577	4.5
Olof Stenhammar and companies	3 491 150	4.2
Didner & Gerge aktiefond	2 863 400	3.4
Svenska Handelsbanken	2 845 414	3.4
Nordea	2 838 021	3.4
Marathon Asset management	2 150 134	2.6
Fidelity fonder	1 184 950	1.4
Other foreign owners	6 334 842	7.5
Other Swedish owners	22 034 900	26.2
Total number of shares	**84 041 118**	**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	15 909	86.9	4 415 579	5.2
1 001–10 000	2 136	11.6	6 112 361	7.3
10 001–100 000	199	1.1	5 682 427	6.8
100 001–1 000 000	55	0.3	17 686 571	21.0
1 000 001–	13	0.1	50 144 180	59.7
Total	**18 312**	**100.0**	**84 041 118**	**100.0**

Ten-year development summary

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
INCOME										
Net sales (operating revenue)	2 640	3 072	3 152	1 954	1 567	968	626	567	600	433
of which own work capitalized	80	–	–	–	–	–	–	–	–	–
Revenue growth, per year %	-14	-3	61	25	62	55	10	-5	39	37
Operating expenses before depreciation and items affecting comparability	-2 247	-2 718	-2 235	-1 265	-1 087	-650	-426	-337	-326	-252
Depreciation	-328 *	-583 *	-229	-169	-105	-37	-28	-20	-17	-10
Items affecting comparability	-132	-481	5	–	–	–	20	–	–	–
Share of associated companies' income	38	33	10	3	–	34	–	–	–	–
Operating income	-24	-453	703	523	375	315	192	210	257	171
Operating margin	-1%	-15%	22%	27%	24%	33%	31%	37%	43%	39%
Net financial items	-32	-16	40	80	105	84	150	163	75	75
Income after financial items	-56	-469	743	603	480	399	342	373	332	246
Minority interests	0	211	114	-8	-5	-3	–	–	–	–
Earnings per share	-0.85	-0.30	8.69	5.30	4.55	14.16	12.15	14.35	37.45	30.46
CAPITAL										
Total assets	4 920	5 985	5 505	4 123	3 486	2 309	1 803	1 773	1 764	1 687
Capital employed	4 075	4 389	3 811	3 337	2 837	1 636	1 507	1 373	1 332	1 283
Shareholders' equity	2 017	2 257	2 986	2 808	2 740	1 613	1 479	1 354	1 134	913
Equity/assets ratio	41	37	55	68	79	70	82	76	64	54
Investments in equipment	75	409	336	100	79	44	42	65	22	11
Investments in research and development	254	394	608	248	133	83	64	51	33	30
of which expensed	146	289	287	175	87	83	64	51	33	30
RETURN ON CAPITAL EMPLOYED										
Return on shareholders' equity	-3	-1	25	16	14	20	21	27	28	28
Return on capital employed	2	-8	25	20	22	27	23	28	26	20
EMPLOYEES										
Average number of employees	1 677	1 516	1 242	805	507	303	243	193	174	156
Total payroll expenses	1 171	1 148	909	544	352	224	165	143	142	109

* including depreciation

DEFINITIONS

Operating margin – Operating income as a percentage of operating revenue.

Earnings per share – Net profit (income after tax) divided by average number of shares.

Equity/assets ratio – Shareholders' equity as a percentage of total assets.

Return on shareholders' equity – Total assets net of non-interest bearing liabilities including deferred tax liabilities.

Return on capital employed – Income after net financial items plus financial expenses as a percent of average capital employed.

Income Statement – last eight quarters

	Q 4 2002	Q 3 2002	Q 2 2002	Q 1 2002	Q 4 2001	Q 3 2001	Q 2 2001	Q 1 2001
Net sales, of which	644	580	713	703	833	648	806	785
Own work capitalized	27	25	22	6	–	–	–	–
TOTAL REVENUE	**644**	**580**	**713**	**703**	**833**	**648**	**806**	**785**
External expenses								
Premises	-60	-52	-49	-59	-58	-63	-59	-47
Marketing expenses	-17	-10	-13	-14	-14	-19	-26	-30
Consultancy expenses	-67	-57	-71	-94	-117	-103	-133	-141
Operational and maintenance expenses, IT	-63	-58	-75	-76	-84	-124	-130	-103
Insurance premiums	-1	0	-9	-10	-9	-8	-9	-11
Synthetic options	–	–	–	–	–	–	–	–
Other operating expenses	-58	-53	-60	-50	-43	-90	-85	-64
Personnel expenses	-288	-288	-305	-290	-282	-244	-320	-302
Depreciation	-48	-51	-50	-45	-48	-67	-73	-53
Depreciation, goodwill	-33	-32	-32	-32	-32	-30	-30	-26
Items affecting comparability	-75	-22	-35	0	–	-481	0	
TOTAL OPERATING EXPENSES	**-710**	**-623**	**-699**	**-670**	**-687**	**-1 229**	**-865**	**-777**
Participations in associated companies' income	10	9	9	9	11	6	9	7
OPERATING INCOME	**-56**	**-34**	**23**	**42**	**157**	**-575**	**-50**	**15**
Financial items	-11	-13	9	-16	-13	-2	-11	10
INCOME AFTER FINANCIAL ITEMS	**-67**	**-47**	**32**	**26**	**144**	**-577**	**-61**	**25**
Tax on net income	-2	0	-7	-6	-37	270	10	-10
Minority interest	0	0	0	0	0	114	51	46
NET INCOME IN REPORTING PERIOD	**-69**	**-47**	**25**	**20**	**107**	**-193**	**0**	**61**
Number of shares, millions	84.041	84.041	84.041	84.041	84.040	84.040	84.040	84.040
Number of shares, millions after full conversion	84.819	84.819	84.819	84.819	84.819	84.819	84.819	84.819
Earnings per share, SEK	-0.82	-0.56	0.30	0.23	1.27	-2.30	0.00	0.73
Earnings per share, SEK after full conversion	-0.82	-0.56	0.30	0.23	1.26	-2.30	0.00	0.72

Sensitivity Analysis

STOCKHOLMSBÖRSEN

Stockholmsbörsen's main sources of revenue are trading revenue (60% of Stockholmsbörsen's total revenue), issuers' revenue (18%) and information revenue (12%). It also has other revenue (10%).

Trading revenue

During 2002, 44 percent of Stockholmsbörsen's trading revenue derived from equity cash trading and 56 percent from trading and clearing derivatives products.

For trading revenue from equities, the two most important parameters are the value in equity turnover and the number of equity transactions. A one percent change in the value of the average daily equity trading volume would, on an annual basis and assuming an unchanged number of transactions, have a SEK +/- 2.2 m impact on trading revenue, calculated on trading levels in 2002.

For revenue from trading and clearing derivatives products, the two most important parameters are the number of derivatives contracts traded and the size of the option premiums. A change in the average daily derivatives turnover of 1 000 contracts would, on an annual basis and assuming an unchanged average options premium and product mix, have a SEK +/- 1.3 m impact on trading revenue, calculated on trading levels in 2002.

Issuers' revenue

Issuers' revenue derives from fees paid by companies listed on the exchange and is directly related to the market capitalization of the companies. A ten percent change in the total market capitalization would have a SEK +/- 3 percent impact on issuers' fees, which is the equivalent of SEK 4.6 m on an annual basis, calculated on trading levels in 2002.

Information revenue

Stockholmsbörsen sells trading information to over 50 Swedish and international companies who disseminate this information to a large number of end-users. Information dissemination is invoiced in arrears, and charges vary according to the number of end-users.

Other revenue

Other revenue includes primarily training revenue and interest on collateral pledged by members of OM London Exchange.

OM'S TECHNOLOGY OPERATIONS

The main sources of revenue from OM's technology operations are license, project and support revenue (56% of revenue from technology operations) and facility management revenue (31%). It also has other revenue (13%).

License, project and support revenue

License, project and support revenue from systems solutions developed and sold by OM arises primarily within Financial Market Solutions and Energy Market Solutions, and to a certain extent also Broker Services.

After OM has developed and sold a systems solution, the customer licenses the right to use the software. Each customer project involves individual adaptations to their specific requirements, relating to functionality and capacity as well as development, testing and installation work, all of which generate project revenue that is invoiced continuously upon each degree of completion. When OM provides a systems solution, OM undertakes to continuously improve, develop and maintain the solution for which it receives recurring support revenue.

As regards major systems solutions for customers such as exchanges and clearing houses, license and project revenue is mainly fixed and is paid in relation to the degree of completion. Support revenue is mainly fixed and contracts usually run for five years. A certain portion of license revenue is also recurring with longer contracts.

As for systems solutions to market participants such as banks and brokerage firms, license fees are mainly variable and revenue is recognized on an ongoing basis while project revenue is recognized in relation to the degree of completion. Support revenue from this type of customer is mainly variable and recognized on an ongoing basis.

Revenue from Facility Management services

Facility Management services are services where OM is responsible for the continuous technical support of a systems platform for a customer, for which OM receives recurring facility management revenue within its Global Services and Broker Services business areas. Revenue from Facility Management services can be both fixed and volume based. Contract times vary between one and seven years.

Other revenue

Other revenue in OM's technology operations consists primarily of trading and clearing revenue from the energy exchanges NGX and UKPX, as well as internal sales to OM's other units (non-technology operations) relating to common services. Other revenue also includes some re-sale of third party products as well as hosting revenue and other sales that cannot be classified together with the revenue sources above. During quarter 3, 2000, quarter 2, 2001 and quarter 2, 2002, other revenue included proceeds from the sale of shares in associated company Orc Software.

Glossary

ADMINISTRATIVE RISKS
The risk of direct or indirect losses caused through administrative error, inadequate regulations, methodology, processes or routines.

BACK-OFFICE-FOR-HIRE
A service that makes it possible for banks and brokerage firms to outsource a part of their administrative operations.

CENTRAL SECURITIES DEPOSITORY (CSD)
Companies that acquire or provide an account-based system for the registration of securities holdings, or both. The main task of a CSD is to manage shareholder registers and related administration including dividend payments and ownership transfer documentation. The Swedish Central Securities Depository (VPC) is an example of a CSD.

CLEARING/COUNTERPARTY CLEARING (CCP)
Clearing originally meant compiling and usually offsetting claims and counterclaims between buyers and sellers. At OM's exchanges and clearing houses, it also means entering as a counterparty in a securities transaction, whereby the clearing house becomes the new buyer to the original seller and the new seller to the original buyer. The term central counterparty clearing, or CCP, is usually used when introducing central counterparty clearing functionality in stock trading. Clearing operations are normally subject to legal authorization.

CONTRACT
When a seller and a 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.

COUNTERPARTY/DEFAULT RISK
The risk that a counterparty in a transaction will be unable to fulfill their obligations.

DERIVATIVE
A security or financial instrument the value of which is dependent on the performance of an underlying asset, for example, equities. The most common examples are futures, options and forwards, but swaps and warrants are usually included in this category.

EXCHANGE
Historically, the physical marketplace where buyers and sellers meet. Now used to describe the electronic process where buyers and sellers meet in a digital network and trade with each other. Exchange operations are normally subject to legal authorization.

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

FUTURES AND FORWARDS
A contract between two parties to purchase an asset with delivery and payment fixed on a future date. The difference between futures and forwards is that the market value of futures contracts is normally adjusted daily. Forwards are often used to describe instruments traded off-exchange. See derivatives.

HOSTING
Outsourcing of operations and surveillance of mission-critical systems solutions.

INFORMATION RISKS
The risk of direct or indirect loss through loss of information, inaccurate data and unauthorized use of information.

INTEGRATED SOLUTIONS
Technical solutions that bind together transaction processes and participants, both internally and externally.

ISSUERS
Companies whose shares are listed on an exchange.

IT RISKS
The risk of direct or indirect loss by failure, breakdown or other disruption in technology that has a negative effect on the operations of a business.

LEGAL RISKS
The risk of direct or indirect loss incurred by agreements regarding products and service level commitments that are not well designed, properly covered or followed.

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

OPERATIONAL RISKS
The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks are defined as personnel risks, physical risks, information risks, administrative risks, IT risks and legal or political risks.

OPTION
A financial instrument that gives the option holder the right, but not the obligation, to purchase (call option) or sell (put option) an underlying asset for a predetermined price at a certain point in time. The writer of an option has the corresponding obligation to sell or buy the asset in question. See derivatives.

OVER-THE-COUNTER (OTC)
OTC trading is normally defined as trading that takes place outside of an exchange (off-exchange).

PERSONNEL RISKS
The risk of direct or indirect loss caused intentionally or unintentionally by an employee or other involved individuals.

PHYSICAL RISKS
The risk of direct or indirect loss through damage to property or loss to physical property or other assets.

POLITICAL RISKS
The risk of direct or indirect loss through a change in the ability to operate due to political or regulatory decisions, or changes in the global business environment or in market behavior.

RISK MANAGEMENT
Identification and management of the risks that arise in companies.

SPOT TRANSACTION
A securities transaction where securities are paid for and delivered immediately. The most common form is an equity trade, also referred to as a "cash equity trade".

SWAP TRANSACTION
A transaction for the exchange of payment flows between two parties e.g. fixed for variable interest rates (interest rate swap), or payment in one currency for another (currency swap). See derivatives.

WARRANTS
Normally, long call options issued by banks. See derivatives.

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