

Interim Report January–June 2002

- Revenue amounted to SEK 1,416 m (1,591)
- Income before depreciation was 225 m (147)
- Income after financial items totaled SEK 58 m (-36)
- Earnings per share were SEK 0.54 (0.72)
- Weak demand on all markets
- New cost-reduction program to reduce annual costs by SEK 180 m
- SEK 35 m in restructuring costs

For OM, the reporting period was characterized by continued low levels of demand on all markets. The turnover on Stockholmsbörsen was the lowest since 1999. Revenue from OM's technology operations has been negatively affected by the growing number of postponed IT investments within the financial sector. Nevertheless, the long-term driving forces behind a growing demand for transaction technology remain strong.

In order to adapt operations to lower demand levels, OM has introduced a series of cost-reduction measures during the past year. During the second quarter 2002 OM's operating expenses fell by SEK 166 m year-on-year, from SEK 865 m to SEK 699 m. This represents a reduction in operating expenses calculated per employee, of 28 percent.

During the second quarter 2002 OM introduced a new cost-reduction program aimed at further reducing the group's total operating expenses by SEK 180 m on an annual basis, equivalent to SEK 45 m per quarter, calculated on current expenditure and operating levels. The full effect is expected during the first quarter 2003. The cost-reduction measures impact all areas of expenditure with an emphasis on consultancy and personnel expenditure. Around 60 percent of savings relate to increased efficiency, the rest to capacity reduction. The implementa-

tion of these cost-reductions gives rise to restructuring expenses (item affecting comparability) of which more than half, SEK 35 m, has been charged during the second quarter.

OM's revenue during the first six months 2002 totaled SEK 1,416 m (1,591). The year-on-year decrease was due to lower trading revenue from Stockholmsbörsen as well as lower revenue from the Broker Services and Financial Market Solutions business areas. Operating income before depreciation amounted to SEK 225 m (147). This includes the sale of shares in Orc Software of SEK 75 m (-). Income after financial items totaled SEK 58 m (-36), income after tax was SEK 45 m (61).

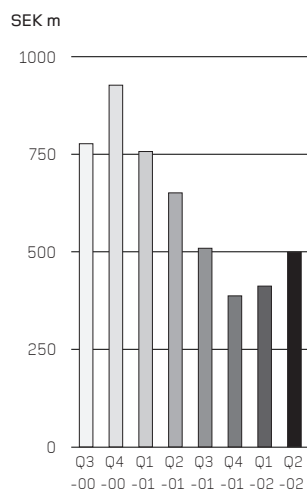
The number of employees within OM at period-end was 1,674 (1,575), of which 1,403 (1,240) within technology operations, 235 (268) at Stockholmsbörsen and 36 (67) in the parent company. The number of consultants contracted by the group at period-end was 107 (215).

In June, the Board of Directors of OM AB decided to implement a stock option program aimed at all employees. OM's CEO has been allocated 46,000 options. (See page 6).

Financial position

At period-end OM's interest-bearing net assets were SEK -355 m (151). The change is primarily due to negative cash flow from ope-

**OPERATING INCOME
BEFORE DEPRECIATION,
12-MONTHS ROLLING***



* Excluding items affecting comparability

rations, a dividend payment to shareholders and the restructuring of Jiway. (See page 6).

Interest-bearing financial assets amounted to SEK 1,836 m (2,404), of which SEK 479 m are financial fixed assets. Interest-bearing financial liabilities totaled SEK 2,191 m (2,253) of which SEK 56 m (166) are long-term. Available credit agreements totaled SEK 3,530 m (3,330), of which SEK 2,134 m (1,950) has been utilized. To extend the lifetime of the loan portfolio, credit agreements were further extended in July 2002 by a long-term credit of SEK 200 m.

Technology operations

Revenue from OM's technology operations totaled SEK 1,007 m (1,147) during the reporting period. The decrease in revenue was primarily due to lower internal sales and a weaker market for systems sales. At the end of the reporting period, the order value was SEK

3,240 m (3,299) of which orders corresponding to SEK 981 m (1,100) are due for delivery during the coming twelve months. The total order value includes orders from OM's exchanges, valued at SEK 825 m (830). Operating income before depreciation in OM's technology operations totaled SEK 116 m (63), corresponding to a profit margin of 15.7 (6.7) percent, excluding internal sales and items affecting comparability. Internal sales, primarily to OM's exchanges, fell by SEK 126 m (202), largely due to the restructuring of Jiway. Internal sales margins were negative during the period. Investments in R&D within the technology operations was SEK 116 m (152), or 12 (13) percent of turnover, of which capitalized R&D expenses totaled 34 m (13). Other revenue during the second quarter included SEK 75 m from the sale of shares in Orc Software.

Revenue in the **Broker Services** business area

OM's FIVE BUSINESS AREAS:

(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 owning and operating energy exchanges

Financial Market Solutions

Systems solutions for exchanges, clearing houses, CSDs, banks and brokerage firms.

Global Services

Systems operations for exchanges, clearing houses and CSDs.

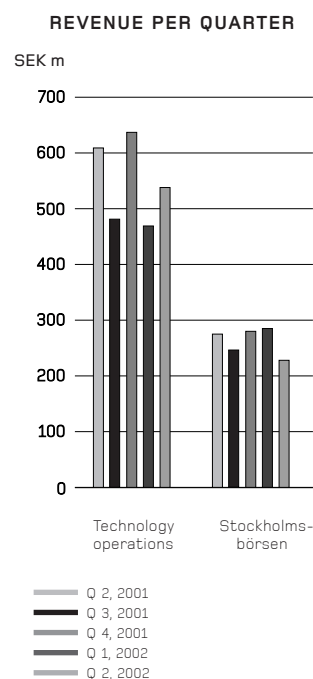
Stockholmsbörsen

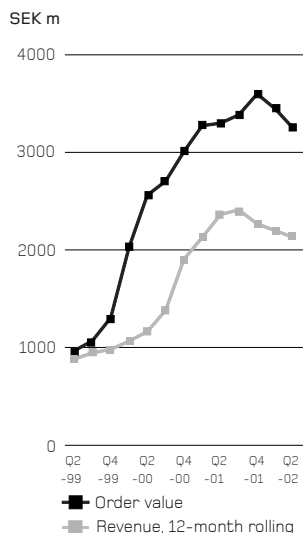
The leading Nordic equity and derivatives exchange. Includes OM London Exchange and Jiway.

REVENUE AND INCOME, Amounts in SEK m						
Revenue	Apr–June 2002	Apr–June 2001	Jan–June 2002	Jan–June 2001	July–June 01/02	Jan–Dec 2001
Technology operations, of which	538	609	1 007	1 147	2 125	2 265
License, support and project revenue	260	411	536	722	1 144	1 330
Facility Management Services	150	158	299	350	638	689
Other revenue	128	40	172	75	343	246
Stockholmsbörsen, of which	228	275	513	632	1 039	1 158
Trading revenue	135	174	314	432	639	757
Issuers' fees	45	37	88	75	171	158
Information sales	39	32	71	70	132	131
Other revenue	9	32	40	55	97	112
Parent Company	34	8	65	14	83	32
Group eliminations*	-87	-86	-169	-202	-350	-383
Group total	713	806	1 416	1 591	2 897	3 072
Operating income before depreciation (EBITDA)						
Technology operations	86	45	116	63	289	236
Operating margin, %	16.0	7.4	11.5	5.5	13.6	10.4
Operating margin excl. internal sales, %	21.0	8.6	15.7	6.7	17.2	12.5
Stockholmsbörsen**	82	44	198	170	331	303
Operating margin, %	36.0	16.0	38.6	26.9	31.9	26.2
Parent Company	-27	-36	-54	-86	-120	-152
Items affecting comparability	-35	0	-35	0	-292	-257
Group total	106	53	225	147	208	130

* Internal sales from technology operations, primarily to OM's exchanges, totaled SEK 126 m (202).

** Jiway has had the following impact on income: Jan–June 2002, SEK -38 m; Jan–June 2001, SEK -127 m; July–June 2001/2002, SEK -135 m; Jan–Dec 2001, SEK -224 m.



REVENUE AND ORDER VALUE
TECHNOLOGY OPERATIONS

totalled SEK 131 m (209). The completion of major client projects as well as lower volume based revenues from back-office-for-hire were the main reasons for this decrease in revenue.

Revenue in the **Energy Market Solutions** business area was SEK 153 m (147). In March it was announced that OM will provide its POMAX™ Settlement system to the Korea Power Exchange. In June OM signed a new, extended contract with NordPool, Scandinavia's leading electricity exchange, for support and maintenance of OM's PowerCLICK™ system. The order is valued at over SEK 100 m.

UKPX, the UK's leading electricity exchange is at an early stage of development and has not yet reached break even. Trading volumes on NGX, North America's leading gas exchange, increased by 27 percent and the exchange is operating profitably.

Revenue in the **Financial Market Solutions** business area totalled SEK 424 m (583). Postponed investment decisions among exchanges, clearing organizations, banks and brokerage firms have had a negative impact on revenue during the period. In January OM launched a new system for settlement and other CSD financial services under the product name EXIGO CSD™. The first customer to purchase EXIGO CSD™ was the SFE Corporation, Sydney. During the reporting period OM has also signed an agreement with the Australian Stock Exchange for five more years of support of the CLICK™ trading system.

Revenue within the **Global Services** business area was SEK 204 m (200). During the reporting period OM has opened two additional operating hubs, one in Sydney, Australia and one in the New York area. At the period-end OM has commenced systems operations for SFE Corporation as well as the Oslo Stock Exchange.

Stockholmsbörsen

During the first six months of the year revenue on Stockholmsbörsen amounted to SEK 513 m (632). The reduction in trading revenue was due primarily to the lower fees introduced in February 2001 for equity derivatives trading, as well as to lower equity trading volumes and

lower options premiums. The increase in issuers' fees is primarily attributable to higher fees. Operating income before depreciation totalled SEK 198 m (170) of which Jiway's effect on the result was SEK -38 (127) m, in line with 2001's restructuring plan. Stockholmsbörsen's expensed investments in R&D totalled SEK 8 m (18).

Average daily trading in equities on Stockholmsbörsen during the reporting period was SEK 12.9 billion (18.1). The number of equity transactions averaged 35,568 (45,616). The average number of derivatives contracts traded per day on Stockholmsbörsen and OM London Exchange was 256,622 (239,008). The total premium value of equity options trading averaged SEK 100.5 m (181.7) per day.

Stockholmsbörsen has taken further measures to increase confidence in the equity market, including the installation of a new surveillance system as well as more stringent exchange listing requirements.

Parent company

OM AB's operations comprises group management. Net sales totalled SEK 42 m (1). Income before appropriations and tax amounted to SEK -109 m (-143). Liquid assets totalled SEK 2 m (0). No investments were made during the reporting period.

OM AB [publ]

Stockholm July 16, 2002

Per E. Larsson

President and Chief Executive Officer

We have performed a review of this interim report and thereby followed the recommendations set out by the Swedish Institute of Authorized Public Accountants, FAR. A review is significantly limited in scope compared to an audit. We have found nothing to suggest that this interim report does not comply with the requirements set out in the Exchange and Companies Acts.

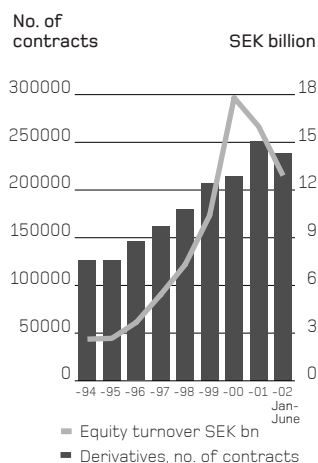
Stockholm July 16, 2002

Stephan Tolstoy

Authorised Public Accountant

Björn Fernström

Authorised Public Accountant

AVERAGE DAILY
TURNOVER ON
STOCKHOLMSBÖRSEN AND
OM LONDON EXCHANGE

Income Statement

Amounts in SEK m	April–June 2002	April–June 2001	Jan–June 2002	Jan–June 2001	July–June 2001/2002	Jan–Dec 2001
REVENUE						
Net sales, of which	713	806	1 416	1 591	2 897	3 072
Own work capitalized	22	-	28	-	28	-
Total revenue	713	806	1 416	1 591	2 897	3 072
EXPENSES						
External expenses						
Premises	-49	-59	-107	-106	-227	-227
Marketing expenses	-13	-26	-28	-56	-61	-89
Consultancy expenses	-71	-133	-165	-274	-385	-495
Operational and maintenance expenses, IT	-75	-130	-151	-233	-359	-440
Insurance premiums	-9	-9	-20	-20	-37	-37
Other operating expenses	-60	-85	-109	-149	-242	-282
Personnel expenses	-305	-320	-595	-622	-1 121	-1 148
Depreciation	-50	-73	-96	-126	-210	-241
Depreciation, goodwill	-32	-30	-64	-56	-126	-118
Items affecting comparability	-35	0	-35	0	-516	-481
Total operating expenses	-699	-865	-1 370	-1 642	-3 284	-3 558
Participations in associated companies' income	9	9	18	16	34	33
Operating income	23	-50	65	-35	-353	-453
Financial items	9	-11	-7	-1	-22	-16
Income after financial items	32	-61	58	-36	-375	-469
Tax	-7	10	-13	0	220	233
Minority interest	0	51	0	97	114	211
Net income in reporting period	25	0	45	61	-41	-25
Number of shares	84 041 118	84 039 118	84 041 118	84 039 018	84 041 118	84 040 118
Number of shares after full conversion	84 818 818	84 818 818	84 818 818	84 818 818	84 818 818	84 818 818
Earnings per share, SEK	0.30	0.00	0.54	0.73	-0.49	-0.30
Earnings per share, SEK, after full conversion	0.30	0.00	0.54	0.72	-0.49	-0.30

Notes to the income statement

Group net sales were SEK 1,416 m, of which SEK 28 m was capitalized for own work. In the item "Own work capitalized", revenue is recognized from work carried out during the financial year on company assets that have been carried forward as fixed assets, including R&D expenses carried forward. Revenue is discussed on pages 2–4.

Group operating expenses fell by 19 percent, year-on-year. The decrease in premises, consultancy, marketing, other operating expenses as well as operational and maintenance expenses IT, were largely due to the cost-reduction program and the restructuring of Jiway.

Depreciation decreased due to the restructuring of Jiway. Participations in associated companies' income were from Orc Software and NLK Näringslivskredit. Items affecting comparability comprise restructuring expenses generated by the cost-reduction program introduced during the second quarter 2002.

Group net financial items amounted to SEK -7 m (-1), with the year-on-year decrease due to increased borrowing as well as higher market interest rates. The minority interest in 2001 comprised Morgan Stanley's 40 percent minority ownership stake in Jiway. The group's tax rate for the year is estimated at around 24 (0).

Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Board's Recommendation on Interim Reporting (RR20). 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 additions: The following new recommendations have come into effect during 2002: consolidated accounting (RR1:00); intangible assets (RR 15); provisions (RR16); write-downs (RR17); loan expenses (RR21); and related party disclosures (RR23). 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.

New organization

On January 1, 2002 OM introduced a new organization with five business areas: Stockholmsbörsen, Broker Services, Energy Market Solutions, Financial Market Solutions and Global Services. The last four areas constitute OM's technology operations. The comparative figures in this report are pro forma, i.e. they are historically comparable in relation to the new organizational structure.

Balance Sheet

Amounts in SEK m	June 2002	June 2001	Dec 2001
Intangible fixed assets	1 268	1 547	1 317
Tangible fixed assets	508	449	521
Financial fixed assets	1 510	1 060	1 474
Short-term receivables	1 218	1 129	1 019
Short-term investments	1 111	1 333	1 263
Cash and bank balances	235	749	391
Total assets	5 850	6 267	5 985
Shareholders' equity	2 175	2 412	2 257
Minority interests	0	56	0
Appropriations	569	513	624
Long-term liabilities	60	57	66
Short-term liabilities	3 046	3 229	3 038
Total liabilities and shareholders' equity	5 850	6 267	5 985

Cash Flow Analysis

Amounts in SEK m	Jan–June 2002	Jan–June 2001	Jan–Dec 2001
Cashflow from current operations			
before change in working capital	-10	24	9
Change in working capital	-190	-255	-306
Cashflow from current operations	-200	-231	-297
Cashflow from investment operations	-27	-786	-718
Cashflow from financing operations	-81	1 107	677
Change in liquid funds*	-308	90	-338
Liquid funds - opening balance	1 654	1 992	1 992
Liquid funds - closing balance	1 346	2 082	1 654

* Changes in short-term liabilities to credit institutions are reported under Financing operations. The comparative figure for the first quarter 2001 has been adjusted as this item was reported under Changes in operating capital in the Interim Report, 2001.

Notes to the balance sheet

Intangible fixed assets of SEK 1, 268 m (1,547) includes SEK 928 m (1,065) of consolidated goodwill, most of which relates to the acquisition of Stockholm Stock Exchange in January 1998. The remaining intangible fixed assets of SEK 340 m (482) are development expenses carried forward for systems marketed by OM. These are depreciated over 3-5 years, valued according to current market conditions.

Group investments in intangible fixed assets amounted to SEK 55 m (234). Investments in equipment totaled SEK 42 m (233). The increase in financial fixed assets to SEK 1,510 m (1,060) was primarily due to deposits made for premises and the employee stock option program as well as the increase in deferred tax receivables. The market value of OM's holding in Orc Software (4.5 million shares) was SEK 696 m at the period-end, the book value of this holding is SEK 68 m. OM owns 15 percent of the share capital in Helsinki Exchanges, the book value of this holding is SEK 72 m. OM's employee stock option program had a SEK -97 m impact on shareholders' equity during the period. A dividend of SEK 84 m was paid out to shareholders during the period.

Notes to the cash flow analysis

Cash flow from current operations consisted of income after net financial items with depreciation added back. Certain adjustments have been made, primarily related to income in relation to the sale of shares in Orc Software (reported under investment operations) as well as restructuring costs primarily for Jiway. Certain restructuring costs that incurred in 2001 impacted cash flow in 2002.

Sensitivity analysis

During the first six months of the year 25 (29) percent of OM's revenue was transaction related (trading revenue). Revenue is generated primarily from trading in and clearing of derivatives products as well as trading in equities. Assuming an unchanged product mix during the remainder of 2002, a change in the average daily derivatives turnover of 1,000 contracts would have a SEK 1.6 m impact on revenue on an annual basis. A change of one percent in the value of average equity trading would, assuming current trading levels, have a SEK 2.3 m impact on revenue on an annual basis. Issuers' fees depend on the market capitalization of the companies listed, a ten percent change in the market capitalization would impact revenue by 3 percent (SEK 4.7 m on an annual basis). OM's net financial items are affected by changes in the Swedish market interest rates. A one percentage point fall would have a non-recurring impact on the value of the bond portfolio of approximately +/- SEK 18.9 m.

Employee stock option program

In July 2002 OM introduced a new employee stock option program comprising a maximum of 733,000 shares with an exercise price of SEK 71. These options will be made available to employees with 1/3 in July 2003, 1/3 in July 2004 and 1/3 in July 2005. The two earlier employee stock option programs, 2000 and 2001, have exercise prices of SEK 400 and SEK 175 respectively. In total, outstanding option programs comprise a maximum of 2.7 million shares.

Depreciation

Amounts in SEK m (of which goodwill)	Apr–June 2002		Apr–June 2001		Jan–June 2002		Jan–June 2001		July–June 2001/2002		Jan–Dec 2001	
Depreciation												
Technology operations	51	(19)	52	(13)	100	(38)	92	(22)	198	(64)	189	(48)
Stockholmsbörsen	15	(13)	43	(17)	34	(26)	76	(34)	98	(62)	141	(70)
Parent company	16	(-)	8	(-)	26	(-)	14	(-)	40	(-)	29	(-)
Write-downs	-	(-)	-	(-)	-	(-)	-	(-)	224	(-)	224	(-)
Group total	82	(32)	103	(30)	160	(64)	182	(56)	560	(126)	583	(118)

Investments in R & D

Amounts in SEK m (of which expensed)	Apr–June 2002		Apr–June 2001		Jan–June 2002		Jan–June 2001		July–June 2001/2002		Jan–Dec 2001	
Investments in R&D												
Technology operations	56	(32)	81	(71)	116	(82)	152	(139)	273	(205)	309	(262)
Stockholmsbörsen	4	(4)	5	(5)	8	(8)	18	(18)	17	(17)	27	(27)
Jiway	-	(-)	30	(0)	-	(-)	58	(0)	0	(0)	58	(0)
Group total	60	(36)	116	(76)	124	(90)	228	(157)	290	(222)	394	(289)

Major shareholders as at 28-06-2002

	No. of shares	Share capital and votes, %
Investor AB	14 350 507	17.1
Svenska Staten	7 993 466	9.5
AMF Pension	6 140 000	7.3
Robur Fonder	4 002 140	4.8
Alecta	3 994 141	4.7
FöreningsSparbanken	3 724 323	4.4
Olof Stenhammar & companies	3 491 150	4.1
Nordea	2 838 021	3.4
Svenska Handelsbanken	2 837 970	3.4
Didner & Gerge aktiefond	2 667 800	3.2
Foreign owners	11 935 280	14.2
Other Swedish owners	20 066 320	23.9
Total number of shares	84 041 118	100.0
Source: SIS Ägarservice		

Changes in shareholders' equity

Amounts in SEK m	Jan–June 2002	Jan–June 2001	Jan–Dec 2001
Shareholders' equity			
- opening balance	2 257	2 986	2 986
Dividend	-84	-504	-504
Conversion of debentures and exercise of warrants	0	1	1
Employee stock options	-97	-133	-133
Translation differences, other	54	1	-54
Other	0	0	-14
Net income in reporting period	45	61	-25
Shareholders' equity			
- closing balance	2 175	2 412	2 257

Key Ratios*

	Jan–June 2002	Jan–June 2001	Jan–June 2000	Jan–Dec 2001
Share price (28-06-2002), SEK	69	138	394	138
Average number of OM shares traded per day, thousands	168	140	210	166
P/E-ratio**	N.A	32	49	N.A
Shareholders equity per share, SEK	26	28	33	27
Share price (28-06-2002)/shareholders' equity per share, SEK	3	5	12	5
Return on shareholders' equity, %**	N.A	14	25	N.A
Return on capital employed, %***	2	11	27	N.A
Equity/assets ratio, %	37	39	66	38
Number of employees at period-end	1 674	1 575	1 203	1 583
Average number of employees during reporting period	1 651	1 478	1 089	1 516

* After full conversion and tax. The definition of the key ratios are given on Page 72 of OM's Annual Report 2001.

** Calculation performed on a rolling basis on the preceding 12-months' income.

*** 12-month rolling income before interest expenses and tax in relation to average shareholders' equity with the addition of interest-bearing liabilities.