



JOINT PRESS RELEASE, 2003-05-20

## MERGER BETWEEN HEX AND OM TO CREATE A STRONG INTEGRATED NORDIC AND BALTIC SECURITIES MARKET

**The Boards of Directors of HEX Plc (“HEX”) and OM AB (publ) (“OM”) today announce plans to merge the companies in order to create an integrated Nordic and Baltic market for listing, trading, clearing, settlement and depository of securities. Through the merger, a leading provider of marketplace services and transaction technology, OM HEX, will be created. The operations of OM HEX will be based on two divisions; HEX Integrated Markets, northern Europe’s largest securities market, offering access to 80 per cent of the Nordic equity market, and OM Technology, a leading provider of transaction technology to the world’s financial and energy markets. HEX today owns and operates the exchanges and central securities depositories (CSDs) in Finland, Estonia and Latvia. OM is today a leading provider of transaction technology and owns and operates Stockholmsbörsen.**

**The merger will provide benefits for issuers, members and investors. Examples of benefits include increased liquidity, efficient member access, a broader range of services and lower costs when connecting to the Nordic markets.**

**The merger will create value for the companies’ shareholders through substantial cost savings realized by operational efficiencies and implementation of OM Technology’s trading and CSD platforms at HEX. OM HEX had, pro forma, around 2,030 employees in 13 countries as of March 31, 2003. Pro forma revenues for 2002 were SEK 3,487 m/EUR 381 m, net income was SEK 174 m/EUR 19 m, EPS was SEK 1.5/EUR 0.2 and the equity/assets ratio was 51 per cent at March 31, 2003.**

**OM HEX will invite other Nordic and Baltic marketplaces – exchanges, clearing houses and CSDs – to participate in the integration through mergers or expansion of existing or new co-operations. Furthermore, the parties believe that the merger will strengthen existing business relationships with EDX London, Eurex and the NOREX Alliance.**

- **OM HEX will be a leading provider of marketplace services and transaction technology through its two divisions, HEX Integrated Markets and OM Technology. HEX Integrated Markets will comprise northern Europe’s largest securities market, while OM Technology will strengthen its position as a leading provider of transaction technology to the world’s financial and energy markets.**
- **The parent company of the new group, OM, is proposed to change its name to OM HEX AB (publ). OM HEX’s intention is to seek a listing on the Helsinki Exchanges to commence as soon as possible after completion of the offer. The corporate headquarters and domicile of OM HEX will be in Stockholm. The headquarters of HEX Integrated Markets will be in Helsinki**

and the headquarters of OM Technology in Stockholm. The company's official corporate language will be English.

- The merger shall be effected through an offer by OM to HEX's shareholders whereby the consideration to HEX's shareholders shall be newly issued shares in OM. OM offers 2.5 newly issued shares in OM for each share in HEX, implying a relative value contribution of about 29 per cent from HEX and 71 per cent from OM. However, OM already holds 15.6 per cent (2,103,717 shares) of HEX as of May 19, 2003. HEX will, conditionally upon the completion of the offer, and subject to a resolution by the shareholder's meeting, distribute an extra dividend of EUR 2.20 per share, amounting to SEK 272 m/EUR 29.6 m, in addition to the dividend of EUR 1.00 per share already distributed for the financial year 2002. Holders of HEX warrants are offered a cash consideration of EUR 5.90 per warrant.
- The intention is that the Board of Directors of OM HEX will have a fair representation of the merged parties' Board of Directors. The Nomination Committee of OM proposes to the shareholders of OM, subject to and with effect as from completion of the offer, the following to be appointed Directors of the Board of OM HEX: Olof Stenhammar (Chairman), Gunnar Brock, Thomas Franzén, Adine Grate Axén, Bengt Halse, Timo Ihamuotila, Tarmo Korpela, Mikael Lilius, and Markku Pohjola.
- It is proposed that the Board of Directors of OM HEX appoints Magnus Böcker as acting President and CEO of OM HEX. Jukka Ruuska is proposed as President of the HEX Integrated Markets division and Deputy to Magnus Böcker. Kerstin Hessius is proposed deputy to Jukka Ruuska. Klas Ståhl is proposed as acting President of OM Technology division.
- The Board of Directors of HEX recommends that the HEX shareholders accept the offer. The Board of Directors will also provide the HEX warrant holders with a recommendation to accept the warrant offer. The Board of Directors of OM recommends that the OM shareholders vote for the necessary resolutions at OM's shareholders' meeting.
- The offer value for outstanding shares in HEX, i.e. excluding HEX shares held by OM but including the offer to HEX warrant holders, amounts to SEK 1,575 m/EUR 171 m, based on the closing share price of OM of SEK 53.00 and a SEK/EUR exchange rate of 9.19 on May 19, 2003. The implicit total value of 100 per cent of HEX, including the offer to HEX warrant holders and the extraordinary dividend to be distributed, is SEK 2,126 m/EUR 231 m.
- Through operational efficiencies and the implementation of OM's technology at HEX, the merger is expected to create annual cost savings in the area of SEK 180 m/EUR 20 m pre-tax with full effect within three years. Transaction and restructuring costs are estimated at around SEK 360 m/EUR 39 m pre-tax, related to, for example, costs for harmonisation of technology, write-downs of certain transaction related systems in HEX and redundancies. No revenue synergies have been quantified, although the merger is expected to have positive dynamic effects on revenues through the introduction of new products and a general increase in the marketplaces attractiveness. The merger will also result in one of OM Technology's largest orders to date.

"The HEX Board is pleased to announce this merger and to recommend the offer to HEX's shareholders. The Board believes that combining HEX's and OM's businesses will create significant value both to HEX shareholders and Finnish and Baltic market participants", comments Tarmo Korpela, Chairman of the HEX Board.

"This merger, which has the full support of the Boards of both companies, is a major step and a breakthrough towards higher efficiency in the Nordic securities markets, bringing great benefits and added value to customers and shareholders alike", comments Olof Stenhammar, Chairman of the OM Board.

"The core of HEX's strategy is to secure the best possible liquidity for Finnish and Baltic securities. Joining forces with OM and the creation of the new integrated marketplace will boost the liquidity and create many new opportunities for Nordic and Baltic issuers, investors and members. The cutting edge technology provided by OM Technology will further strengthen our combined competitive position", says Jukka Ruuska, President and CEO of HEX.

"Based on our vision, this pioneering step will guarantee that the Nordic region will be a truly integrated market based on a common technology platform. The merger continues to build on OM's strategy, creating competitiveness by combining world leading technology with highly efficient markets", says Magnus Böcker, deputy CEO of OM, acting President and CEO of OM as of June 1, 2003.

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Note to editors:

There will be two press conferences on May 20. The first in Helsinki at 12.00 Finnish time at the Wanha Satama premises, Pikku Satamakatu 3-5. Remote participation is possible by calling a conference call number +46 8 5052 0114, password OM HEX. A presentation will be available at [www.hex.com/merger](http://www.hex.com/merger) and [www.om.com/merger](http://www.om.com/merger) from approximately 12.00 Finnish time. The second press conference will be held in Stockholm at 15.15 Swedish time at OM's premises, Norrlandsgatan 31. The Helsinki press conference will be webcasted live and will be available at the above web pages. The Stockholm press conference will be webcasted on demand and will be available at the above web pages the next day. The following people will participate in the press conferences:

**Helsinki**

Olof Stenhammar, Chairman of the Board, OM  
Tarmo Korpela, Chairman of the Board, HEX  
Magnus Böcker, deputy CEO, OM  
Jukka Ruuska, President and CEO, HEX

**Stockholm**

Olof Stenhammar, Chairman of the Board, OM  
Tarmo Korpela, Chairman of the Board, HEX  
Magnus Böcker, deputy CEO, OM  
Jukka Ruuska, President and CEO, HEX  
Kerstin Hessius, President of Stockholmsbörsen

**Contact persons OM**

**Olof Stenhammar, Chairman of the Board**  
+46 8 405 66 42  
**Magnus Böcker, deputy CEO**  
+46 8 405 66 44  
**Jakob Håkanson, VP Investor Relations**  
+46 8 405 60 42  
**Anna Eriksson, VP Brand & Communications**  
+46 8 405 66 12

**Contact persons HEX**

**Tarmo Korpela, Chairman of the Board**  
+358 9 6868 2500  
**Jukka Ruuska, President and CEO**  
+358 9 6166 7200  
**Teuvo Rossi, CFO**  
+358 9 6166 7225  
**Corporate Communications**  
+358 9 6166 7418

## **Merger Background and Motives**

Efficient and competitive capital markets are important for securing access to capital and the opportunity for job creation.

Nordic securities markets are medium-sized European markets where securities of global importance are traded. Nordic markets have been successful in compensating lack of size with innovation, cost efficiency and competitive fees. In the face of increasing competition, even greater efficiency is vital. Through increased size, the exchanges will be able to maintain a competitive offering to the market in order to remain the listing and trading place of choice.

The Nordic securities markets share several important values, structures and participants. They also share a common culture, similar legislation and similar rulebooks. Consequently, many large Nordic banks and brokers have a pan-Nordic strategy. The merger between HEX and OM is a first step towards an integrated Nordic and Baltic market and will, even by itself, bring considerable cost savings to the combined exchanges in the form of joint development and operation as well as to its members in the form of reduced number of interfaces.

IT related costs generally represent a majority of marketplaces' cost base. These costs can be considerably reduced if the development, maintenance and operation of the IT systems are shared between marketplaces.

Based on a common view of market development, the parties' key motive for the merger is to improve OM HEX's long-term competitiveness within the exchange and technology operations.

OM HEX's technology operations will benefit from a larger home market, including operation and development of systems solutions for exchanges as well as CSDs. OM Technology will provide HEX with the trading and CSD platforms SAXESS™ and EXIGO CSD™, extending its home market horizontally as well as vertically. A large home market is beneficial for the technology operations through an increased closeness to the market's demands. The merger results in one of OM Technology's largest orders to date.

## **Merger Benefits**

Through the merger, OM HEX can offer access to more than 80 per cent of the total Nordic equity market and 75 per cent of the Baltic equity markets. Based on OM's technology platforms, an integrated Nordic platform will be offered to market participants generating cost savings. The merger is expected to bring positive effects for:

- **Issuers**, by bringing increased liquidity, more members, higher international attention and new investor segments.
- **Members**, by bringing increased liquidity, harmonised markets, more efficient member access, broader service range and lower costs when connecting to Nordic markets. In addition, the merger will enable new product development of international interest such as new Nordic indices.
- **Nordic and international investors**, who will benefit from improved liquidity and customer offerings.
- **Shareholders**, by creating synergies on both the cost and revenue sides.

## **OM HEX's Strategy**

OM HEX will be a leading provider of marketplace services and transaction technology. OM HEX's operations will be organized into two divisions, HEX Integrated Markets and OM Technology. OM HEX's strategy and business model will comprise different levels of operation and service involvement, and will range all the way from owning and operating transaction related businesses, such as exchanges and CSDs, to development and delivery of systems solutions and facility management services.

HEX Integrated Markets will provide the most liquid market for all securities that are listed in Sweden, Finland, Estonia and Latvia and offer a unique straight-through process for trading and post-trading operations for customers in Finland, Estonia and Latvia. The HEX Integrated Markets division, comprising HEX's current stock exchanges and CSD operations and Stockholmsbörsen, will offer investors access to 80 per cent of the Nordic equity market and 75 per cent of the Baltic equity markets.

The OM Technology division will continue to build on its international brand as a leading transaction technology provider, offering products and solutions for exchanges, clearing houses, CSDs, banks and brokerage firms as well as participants in the energy markets.

The creation of OM HEX is also an invitation to further integration of the Nordic and Baltic securities market. OM HEX is the ideal promoter of integration and consolidation and will invite other marketplaces and CSDs to join.

## **Corporate Structure and Branding**

The parent company of the new group, OM, is proposed to change its name to OM HEX AB (publ). The operations of the new group will be based on two divisions; HEX Integrated Markets and OM Technology. The corporate headquarters and domicile of OM HEX will be in Stockholm, Sweden. The new group's official corporate language will be English. OM HEX had around 2,030 employees in 13 countries as of March 31, 2003 (pro forma).

The HEX Integrated Markets division will comprise Stockholmsbörsen and HEX's marketplace related operations, including the Finnish, Estonian and Latvian CSDs. However, Stockholmsbörsen and Helsinki Exchanges, to be renamed to its former name Helsingin Pörssi, will continue to operate and market their services under these brands. The headquarters of HEX Integrated Markets will be in Helsinki, Finland. The division had 2002 pro forma revenues (including internal sales) of approximately SEK 1,820 m/EUR 199 m and about 390 employees as of March 31, 2003.

### **Facts (pro forma) about HEX Integrated Markets**

HEX Integrated Markets has about 490 listed companies, whereof 42 companies among STOXX 600. HEX Integrated Markets is the leading European exchange with respect to the Technology sector and belongs to the top 3 in Basic Resources, Industrial Goods & Services, Non-cyclical Goods & Services and the Retail sectors. HEX Integrated Markets has around 120 members. HEX Integrated Markets' market capitalisation amounted to about SEK 3,200 bn/EUR 350 bn as of year-end 2002 and the average daily turnover was close to SEK 18 bn/EUR 2 bn during 2002.

The OM Technology division will continue to operate under the existing OM brand and will be organized according to the existing structure with four business areas: Banks & Brokers, Energy Markets, Financial Markets and Global Services. Following the integration, HEX's back office outsourcing services will be combined with the Banks & Brokers business area in order to strengthen the service offering. Furthermore, HEX's IT operations will be integrated into OM Technology. The headquarters of OM Technology will be in Stockholm, Sweden. The OM Technology division had 2002 pro forma revenues (including internal sales) of approximately SEK 2,060 m/EUR 225 m and about 1,480 employees as of March 31, 2003.

#### **Facts about OM Technology**

The OM Technology division is a leading provider of transaction technology to the world's financial and energy market. The division has more than 300 customers in 10 countries, including 25 exchanges and clearing organisations. Major customers include American Stock Exchange, Nord Pool, SEB, NASD, International Securities Exchange (ISE) and SFE Corporation (Sydney Futures Exchange).

#### **Management and Corporate Governance**

The intention is that the Board of Directors of OM HEX will have a fair representation of the merged parties' Board of Directors. The Nomination Committee of OM proposes to the shareholders of OM, subject to and with effect as from completion of the offer, the following to be appointed Directors of the Board of OM HEX: Olof Stenhammar (Chairman), Gunnar Brock, Thomas Franzén, Adine Grate Axén, Bengt Halse, Timo Ihamuotila, Tarmo Korpela, Mikael Lilius, and Markku Pohjola.

It is proposed that the Board of Directors of OM HEX appoints Magnus Böcker (currently deputy CEO of OM, acting President and CEO as of June 1, 2003) as acting President and CEO for OM HEX. Jukka Ruuska (currently President and CEO of HEX) is proposed as President of the HEX Integrated Markets division and deputy to Magnus Böcker. Klas Ståhl is proposed as acting President of the OM Technology division. Kerstin Hessius is proposed to become the deputy to Jukka Ruuska and to continue as the President of Stockholmsbörsen. The Executive Committee of OM HEX will consist of Magnus Böcker and Jukka Ruuska.

The intention is that the Boards of Directors of HEX Integrated Markets and OM Technology shall consist of OM HEX executive directors and non-executive directors. The non-executives in the HEX Integrated Markets' Board of Directors shall represent key stakeholders. The following are proposed as members of the HEX Integrated Markets Board of Directors: Magnus Böcker (Chairman), Ilona Ervasti-Vaintola, Thomas Franzén, Matti Kinnunen, Bo Magnusson, Timo Ritakallio, Jukka Ruuska, and Bengt Rydén. The following are proposed as members of the OM Technology Board of Directors: Magnus Böcker (Chairman), Ulf Gundemark, Bengt Halse, Jukka Ruuska and Ilkka Salonen.

#### **Incentive schemes**

Based on clearly defined objectives for the integration of OM and HEX, an integration bonus of maximum SEK 35 m/EUR 3.8 m will be paid out to key employees. However, no employee will receive more than 100 per cent of his or her annual base salary. The integration bonus is divided into two steps relative to agreed and established goals. The first step is up to an aggregated total amount of SEK 15 m/EUR 1.6 m and the second step is the remaining SEK 20 m/EUR 2.2 m. Subject to fulfillment of established goals as determined by the Board of Directors of OM HEX, 50 per cent of

the integration bonus will be paid out nine months following completion of the offer and the remaining 50 per cent will be paid out 21 months following the completion of the offer.

It is also the intention to issue warrants to key employees of OM HEX under a warrant program in order to increase focus on shareholder value in relation to growth and profitability. The warrant program will be dealt with at the OM shareholders' meeting.

### **Proposed Integration Plan**

The integration between HEX's Finnish operations and OM is planned to be implemented in four parts, which will partially take place simultaneously:

- The corporate and organisational structure of OM HEX and its two divisions will be formed during 2003.
- HEX Integrated Markets will form a virtually integrated exchange trading market between Sweden and Finland. This will include implementation of the SAXESS™ trading platform at the Helsinki Exchanges, and harmonisation of rules, regulations and listing criteria to the furthest extent possible.
- HEX Integrated Markets will promote the establishment of a joint Nordic central counterparty clearing (CCP) for the equity market. A CCP will reduce counterparty risks, allow netting of delivery obligations, and enable scope for anonymous trading. Netting reduces settlement costs and enhances liquidity in the equity market. A CCP is important to secure the long-term competitive strength of the region's financial markets.
- HEX Integrated Markets will promote a joint Nordic platform for settlement and depository of securities. The target is to create centralized operation and maintenance, centralized functional and technological development and to use a common settlement engine for participating CSDs in the northern European market. The intention is to utilize OM Technology's EXIGO CSD™ platform.

The decisions concerning the integration of platforms will be based on various factors, including thorough consultation with market participants.

The level of integration and schedule for HEX's Tallinn and Riga operations will be defined separately post merger.

### **Financial Effects**

The merger is expected to create substantial cost savings, besides other efficiency programmes announced by OM and HEX pre merger. Cost savings areas include pooling of resources in operations and development of central systems, shared future system development investments and pooling of administrative resources. Cost savings are expected to amount to approximately SEK 180 m/EUR 20 m pre-tax annually. Full effect from cost savings is expected within three years following completion of the offer. Over a three-year period following the merger, the total number of existing positions is expected to decrease within the new company. The magnitude of the effects on personnel will be determined taking into consideration the achieved growth during this period.

Revenue synergies can be achieved through the possibility to offer new products and the creation of a larger, integrated market that is more attractive thanks to its greater size.

Transaction and restructuring costs are expected to amount to approximately SEK 360 m/EUR 39 m pre-tax, related to costs for harmonisation of technology, redundancies, merger related expenses and write-downs. The estimated transaction and restructuring costs will to a large extent be included in the acquisition cost or the restructuring reserve and consequently increase goodwill.

### **Main Terms and Conditions of the Offer**

The merger will be effected through an offer of newly issued OM shares to the shareholders of HEX and a cash offer to the holders of HEX Warrants.

The Board of Directors of HEX recommends that the HEX shareholders accept the offer. The Board of Directors will also provide the HEX warrant holders with a recommendation to accept the warrant offer. The Board of Directors of HEX plans to call two shareholders' meetings, one to decide on the amendment of the financial year and the other to approve the profit and loss statement and the payment of an extra dividend (see below).

The Board of Directors of OM recommends that the OM shareholders vote for the necessary resolutions at an extraordinary shareholders' meeting, including inter alia resolutions for the issuance of new shares as consideration in the offer, election of the proposed new Board of Directors and amendment of the company name to OM HEX AB (publ).

For every HEX share, 2.5 new OM shares will be offered to HEX shareholders. Only whole OM shares will be delivered to HEX shareholders. Any fractions thereof will be sold and the cash consideration distributed to the HEX shareholders on a pro rata basis. Subject to a shareholders resolution by HEX and completion of the offer, HEX shareholders will be paid an extra dividend in the amount of SEK 272 m/EUR 29.6 m, or EUR 2.20 per HEX share.

For holders of HEX Warrants of series A, B, C and D, representing the HEX Warrant Program adopted on November 30, 2000 ("HEX Warrants"), OM is offering a cash consideration of EUR 5.90 for each HEX Warrant. Payment of the cash consideration shall be made (i) for tendered A Warrants and B Warrants within one month from completion of the offer and (ii) for tendered C Warrants and D Warrants within nine months from completion of the offer.

The offer value for outstanding shares in HEX, i.e. excluding HEX shares held by OM but including the offer to HEX warrant holders, amounts to SEK 1,575 m/EUR 171 m, based on the closing share price of OM of SEK 53.00 and a SEK/EUR exchange rate of 9.19 on May 19, 2003. The implicit total value of 100 per cent of HEX, including the offer to HEX warrant holders and the extraordinary dividend to be distributed, is SEK 2,126 m/EUR 231 m.

As a result of the exchange offer, the share capital of OM could increase by up to SEK 63.2 m/EUR 6.9 m and the number of OM shares could increase by up to 31,582,714.

The transaction is subject to certain conditions, substantially in accordance with the following:

- (a) that the aggregate number of (A) shares validly tendered in the offer, and (B) the present shareholding of OM in HEX, in the reasonable judgement of OM, exceeds 90 per cent of the aggregate number of (a) all issued and outstanding shares of HEX and (b) the shares represented by all the HEX warrants not validly tendered in the offer, enabling OM to conduct a redemption proceeding pursuant to the Finnish Companies Act, even if all the warrant holders having not accepted the offer would exercise all their HEX warrants and subscribe for new shares in HEX;



- (b) that (i) the capital increase necessary to complete the offer through issuance of up to 31,582,714 new OM shares entitling to the same rights as of the date of their issuance, as the existing ordinary shares of OM, (ii) the election as directors of OM, effective as of completion of the offer, of the persons nominated pursuant to the Combination Agreement entered into between OM and HEX on 20 May 2003 (the "Combination Agreement"), (iii) the amendment of the trade name of OM to OM HEX, and (iv) the amendment of the Articles of Association required by the election of new directors, shall have been approved or, where appropriate, authorized by the vote of the shareholders of OM;
- (c) that no court of competent jurisdiction or any governmental or regulatory authority, agency or similar entity shall have issued or entered any order, which has the effect of making any of the transactions related to the offer illegal or otherwise prohibiting their consummation and that such transactions shall not otherwise be illegal under any applicable law or regulation;
- (d) that all consents, approvals, authorizations and registrations required to be obtained from the applicable regulatory entities to consummate the transactions related to the offer shall have been obtained;
- (e) that no court of competent jurisdiction, competition authority or any other regulatory authority, agency or other similar entity shall have imposed further conditions to their consent or decision to approve the transaction contemplated hereby, which further conditions have not been accepted by both OM and HEX, as decided by each of OM and HEX in their reasonable opinion;
- (f) that any waiting period (and any extension thereof) applicable to the consummation of the transactions under any competition, merger control or similar law of the European Union, Sweden, Finland or any other relevant jurisdiction (including without limitation Estonia and Latvia), shall have expired or been terminated; and
- (g) that the Combination Agreement shall remain in full force and effect and shall not have been terminated and that certain conditions in the Combination Agreement shall have been satisfied or waived, as the case may be, regarding inter alia:
  - that OM has offered to the employees of HEX a participation in the general OM-group remuneration program (on terms equal to those applicable to the participating OM employees);
  - that OM has offered the integration bonus described above to key employees in OM and HEX;
  - that the OM shares to be issued pursuant to the offer shall have been authorized for listing on Stockholmsbörsen; and
  - that all requisite approvals and authorizations for declaring the extra dividend to the HEX shareholders described above shall have been obtained.

Any of the conditions for the offer may, subject to applicable law, be waived, but only if OM and HEX agree in writing to such waiver.

### **Preliminary Time Schedule of the Transaction**

A prospectus regarding the offer is estimated to be distributed to the shareholders and warrant holders in HEX by the end of June, 2003. The acceptance period is expected to run from the beginning of July, 2003, to the end of August, 2003. OM reserves the right to extend the acceptance period with the approval of HEX's Board of Directors. Completion of the offer is expected to take place in the beginning of September, 2003.

OM's extraordinary shareholders' meeting is expected to be held in mid-August, 2003. An information brochure regarding the proposed merger with HEX will be distributed to the shareholders in OM in the end of June, 2003. HEX's shareholders' meetings are expected to be held in mid-June and late August, 2003, respectively. The distribution of HEX's extra dividend is expected in early September, 2003.

### **Pro Forma Financial Information<sup>1</sup>**

The following preliminary unaudited condensed pro forma consolidated financial information give effect to the merger of OM and HEX and the related issuance of OM shares, and is based on the assumption that 100 per cent of the outstanding shares and warrants of HEX will be tendered. For accounting purposes, the merger will be accounted for as an acquisition of HEX by OM using the purchase method.

The preliminary pro forma financial information is based on the financial statements of HEX and OM for the year ended December 31, 2002 and the three months ended March 31, 2003. The financial information for HEX has not been restated to reflect accounting principles applied by OM, since the performed comparison of accounting principles indicates that the impact is not significant.

The total preliminary pro forma transaction value is based on OM's closing share price as of May 19, 2003 (SEK 53.00) and includes transaction related costs. Based on HEX's balance sheet as of March 31, 2003 (adjusted for dividends and expected write-downs) and including a restructuring reserve, the transaction creates goodwill of approximately SEK 1,391 m/EUR 150 m. Goodwill will be depreciated over 20 years, in line with OM's accounting principles for major strategic acquisitions.

The unaudited condensed pro forma consolidated income statements, for the year ended December 31, 2002 and the three months ended March 31, 2003 are presented as if the transaction had occurred on January 1, 2002. OM's income statement for 2002 corresponds to "Current operations" in the annual report. No synergy effects are included in the pro forma income statement.

The pro forma balance sheet has been prepared as if the transaction had taken place on March 31, 2003. The pro forma balance sheet incorporates the effects of the following events that have or are expected to occur after March 31, 2003: HEX's distribution of ordinary and extraordinary dividends, payment of the VAT refund to HEX's members, and other transaction related effects.

All pro forma information is preliminary since the final combination of OM and HEX will be calculated based on the transaction value and the fair values of HEX's identifiable assets and liabilities at the date of exchange of control. The pro forma financial information has been prepared solely for

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<sup>1</sup> Applied SEK/EUR exchange rates for income statement related items are 9.1487 (for the year ended December 31, 2002), 9.1964 (for the three months ended March 31, 2003) and 9.2480 as of March 31, 2003 for balance sheet related items.

illustrative purposes and does not purport to represent the financial position or the results had OM and HEX been a combined company if the transaction had been completed at the indicated time, nor does it show the financial position or results for any time in the future.

**PRELIMINARY PRO FORMA INCOME STATEMENT, YEAR ENDED DECEMBER 31, 2002**

	SEK m			EUR m		
	HEX <sup>1</sup>	OM <sup>1</sup>	Consolidated	HEX <sup>1</sup>	OM <sup>1</sup>	Consolidated
Net sales	850	2 637	3 487	93	288	381
Operating expenses	-525	-2 169	-2 694	-57	-237	-294
Depreciation	-70	-190	-260	-8	-21	-28
Depreciation of goodwill	-5	-129	-203	-1	-14	-22
Items affecting comparability	-2	-57	-59	0	-6	-6
Associated companies	-	38	38	-	4	4
<b>Operating income</b>	<b>249</b>	<b>130</b>	<b>309</b>	<b>27</b>	<b>14</b>	<b>34</b>
Financial items	11	-31	-45	1	-3	-5
<b>Income after financial items</b>	<b>260</b>	<b>99</b>	<b>264</b>	<b>28</b>	<b>11</b>	<b>29</b>
Tax	-77	-15	-91	-8	-2	-10
Minority interest	1	-	1	0	-	0
<b>Net income</b>	<b>183</b>	<b>84</b>	<b>174</b>	<b>20</b>	<b>9</b>	<b>19</b>

<sup>1</sup> HEX's and OM's financial information corresponds to the financial statements in the annual reports (for OM excluding "Discontinued operations").

**PRELIMINARY PRO FORMA INCOME STATEMENT, THREE MONTHS ENDED MARCH 31, 2003**

	SEK m			EUR m		
	HEX <sup>2</sup>	OM <sup>2</sup>	Consolidated	HEX <sup>2</sup>	OM <sup>2</sup>	Consolidated
Net sales	202	612	814	22	67	89
Operating expenses	-128	-523	-651	-14	-57	-71
Depreciation	-15	-42	-57	-2	-5	-6
Depreciation of goodwill	-1	-33	-52	0	-4	-6
Items affecting comparability	-	-	-	-	-	-
Associated companies	-	8	8	-	1	1
<b>Operating income</b>	<b>58</b>	<b>22</b>	<b>63</b>	<b>6</b>	<b>2</b>	<b>7</b>
Financial items	0	-11	-13	0	-1	-1
<b>Income after financial items</b>	<b>58</b>	<b>11</b>	<b>50</b>	<b>6</b>	<b>1</b>	<b>5</b>
Tax	-17	-3	-20	-2	0	-2
Minority interest	0	-	0	0	-	0
<b>Net income</b>	<b>40</b>	<b>8</b>	<b>30</b>	<b>4</b>	<b>1</b>	<b>3</b>

<sup>2</sup> HEX's and OM's financial information corresponds to the financial statements in the interim reports.

**PRELIMINARY PRO FORMA BALANCE SHEET, MARCH 31, 2003**

	SEK m			EUR m		
	HEX <sup>3</sup>	OM <sup>3</sup>	Consolidated	HEX <sup>3</sup>	OM <sup>3</sup>	Consolidated
Goodwill	18	862	2 271	2	93	246
Other fixed assets	217	1 686	1 751	23	182	189
Other current assets	259	1 183	1 498	28	128	162
Short-term investments and cash and bank	617	1 168	1 236	67	126	134
<b>Total assets</b>	<b>1 112</b>	<b>4 899</b>	<b>6 756</b>	<b>120</b>	<b>530</b>	<b>731</b>
Shareholders' equity	696	1 938	3 464	75	210	375
Minority interest	10	-	10	1	-	1
Provisions	1	104	265	0	11	29
Long-term liabilities	2	258	260	0	28	28
Short-term liabilities	404	2 599	2 758	44	281	298
<b>Total equity and liabilities</b>	<b>1 112</b>	<b>4 899</b>	<b>6 756</b>	<b>120</b>	<b>530</b>	<b>731</b>

<sup>3</sup> HEX's and OM's financial information corresponds to the financial statements in the interim reports.

**PRELIMINARY PRO FORMA KEY FIGURES**

	SEK m			EUR m		
	HEX	OM	Consolidated	HEX	OM	Consolidated
<b><u>Year ended December 31, 2002</u></b>						
Operating margin before depreciations, %	38	18	23	38	18	23
Operating margin, %	29	5	9	29	5	9
Earnings per share <sup>4</sup> , SEK/EUR	13.6	1.0	1.5	1.5	0.1	0.2
Cash flow from operations <sup>5</sup>	176	89	265	19	10	29
Employees, end of period	449	1 620 <sup>6</sup>	2 069	449	1 620 <sup>6</sup>	2 069
<b><u>Three months ended March 31, 2003</u></b>						
Operating margin before depreciations, %	37	15	20	37	15	20
Operating margin, %	29	4	8	29	4	8
Earnings per share <sup>4</sup> , SEK/EUR	3.0	0.1	0.3	0.3	0.0	0.0
Interest bearing net debt	-617	997 <sup>7</sup>	929	-67	108 <sup>7</sup>	100
Equity/assets ratio, %	63	40	51	63	40	51
Cash flow from operations <sup>5</sup>	62	-83	-21	7	-9	-2
Employees, end of period	423	1 608	2 031	423	1 608	2 031

<sup>4</sup> Based on 13.5 million shares in HEX, 84.0 million shares in OM and 112.5 million shares in OM HEX, respectively.

<sup>5</sup> Before capital expenditure.

<sup>6</sup> Excluding employees in Jiway.

<sup>7</sup> The interest-bearing net debt level was unusually high at March 31, 2003, mainly explained by a temporary increase in receivables within Stockholmsbörsen's clearing operations of over SEK 200 m/EUR 22 m.

## **Ownership Structure of OM HEX**

Following the merger of HEX and OM, based on the companies' shareholder structure as of April 30, 2003 and subject to full acceptance, the shareholding of OM HEX will be distributed as follows:

<b>Owner</b>	<b>Share of capital and votes</b>
Investor AB	12.8%
The Swedish State	7.1%
Nordea	5.9%
AMF Pension	5.6%
Robur Funds	3.8%
FöreningsSparbanken	3.5%
Sampo Group	3.5%
Alecta	3.3%
Didner & Gerge	3.2%
Olof Stenhammar, incl companies	3.0%
Svenska Handelsbanken	2.7%
OKO	2.7%
SEB	2.3%
Bank of Finland	2.1%
OKR	2.1%
Marathon Asset Management	1.9%
Evli Bank	1.8%
Fidelity Funds	1.8%
The Finnish state	1.3%
Pohjola Group	1.1%
Other shareholders	28.5%
<b>Total</b>	<b>100.0%</b>

Subject to completion of the offer and a separate decision by the Board of Directors, the combined company OM HEX intends to seek listing of the OM HEX share on the Helsinki Exchanges.

## **Advisors**

Lenner & Partners is financial advisor and Hannes Snellman and Mannheimer Swartling are legal advisors to OM. Mandatum & Co Oy is financial advisor and Castrén Snellman and Vinge are legal advisors to HEX.

Stockholm, May 20, 2003

Helsinki, May 20, 2003

OM AB (publ)

HEX Plc

Board of Directors

Board of Directors

**For additional information, please contact:**

**OM**

Olof Stenhammar, Chairman of the Board +46 8 405 66 42

Magnus Böcker, deputy CEO +46 8 405 66 44

Jakob Håkanson, VP Investor Relations +46 8 405 60 42

Anna Eriksson, VP Brand & Communications +46 8 405 66 12

**HEX**

Tarmo Korpela, Chairman of the Board +358 9 6868 2500

Jukka Ruuska, President and CEO +358 9 6166 7200

Teuvo Rossi, CFO +358 9 6166 7225

Corporate Communications +358 9 6166 7418