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**OSLO BØRS**

Oslo Exchanges

## Annual report 2000

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-Joining the NOREX Alliance is an important step towards realising our Nordic strategy.



Harald Norvik, Chairman of the Board (left), and P. Anders Brodin who is responsible for strategy, projects and business development.

A more detailed account of an eventful year for the Oslo market in 2000 is provided in **Facts & Figures 2001**, which can be found together with extensive statistical information on our Internet site at [www.ose.no](http://www.ose.no).

#### **3 January**

Sven Arild Andersen takes up his appointment as President and CEO.

#### **12 April**

The Stock Exchange Council elects Harald Norvik as its Chairman.

#### **22 May**

The options market celebrates its tenth anniversary.

#### **16 June**

The Norwegian government publishes proposals for new stock exchange legislation. This includes a proposal to convert Oslo Exchanges to a public limited company and sell the new company's shares through a public offering.

#### **14 September**

The All Share Index reaches an all-time high of 1,608.67.

#### **21 September**

Turnover measured in Norwegian kroner for year 2000 to date reaches the level seen for the whole of 1999, itself a record year.

#### **2 November**

The Stock Exchange Board approves the NOREX Agreements.

#### **20 November**

Oslo Exchanges starts to publish details of which investment firms are parties to all trades in equities.

#### **27 November**

The NOREX exchanges announce a common sector classification and family of indices, consistent with the Global Industry Classification Standard (GICS) developed by MSCI and Standard & Poor's, to come into use in 2001.

#### **4 December**

Telenor ASA is admitted to listing.



# New insights and new opportunities

Sven Arild Andersen, President and Chief Executive Officer

**182 years have passed since the Christiania Stock Exchange first came into being, and we are now taking two major steps that will bring about irreversible changes in the Oslo Stock Exchange. The first of these is the change from a self-owning institution to becoming a public limited company. The second change is our participation in the NOREX Alliance. Focusing on the interests of investors and issuers, we are now creating a large and efficient market for securities trading across the Nordic region.**

Both these decisions reflect the significant changes currently taking place in the international capital markets. The process of change we are seeing in these markets is entirely the result of the demands placed on them by listed companies (the issuers), and investors. Technological change has made trading a global activity. This gives international investors greater freedom of action, and this in turn creates the need for larger market-places, a broader range of products and ever more efficient trading. Larger and more efficient markets give issuers greater exposure to investors, and this leads to enhanced liquidity and fairer pricing for their shares, resulting in a lower cost of capital and greater value creation for the companies. Oslo Exchanges firmly believes that the NOREX Alliance represents the appropriate response to the new challenges created by these changes in the markets.

A listed company on a stock exchange is subject to the daily scrutiny of the market, and its share price reflects the market's judgement. Many factors go into determining this share price. However it is also of substantial importance that a company's shares attract demand from investors. Existence of comparable companies listed on the same stock exchange help to ensure a general interest in the relevant sector and in specific companies. This also permits investment firms to commit sufficient research capacity to the sector, and this in turn provides an improved service for investors and generates increased investment interest. All of this means that an exchange has to be much more than just a mechanism to list shares and generate prices. An exchange has a duty to ensure that the overall environment in which shares are traded is as favourable as possible for both issuers and investors. We believe that the NOREX Alliance represents a strong response to this responsibility.

In return the exchange must expect that the market as a whole will fully accept its own responsibility for ensuring that the marketplace enjoys the confidence of all players. This includes the responsibility to ensure equal treatment for all, fair and just trading and a proper standard of behaviour in all market activities.

Nothing can damage a market more

than allowing transactions to take place on the basis of uneven levels of information. Companies and investors carry a heavy responsibility in this respect.

The central role that brokerage firms play in this value chain places an even greater responsibility on their shoulders. It is essential that these firms engender confidence in both issuers and investors, and that they are seen to play a clearly defined and proper role with no question over the motives for their conduct.

Oslo Exchanges is strongly committed to the work for an immediate and continuous improvement in the expertise and professionalism of the Norwegian securities market. It is also the case that Oslo Exchanges has done everything possible to put its own house in order, and now makes extensive and pro-active use of the measures it has available to manage and control the process of price quotation. In addition Oslo Exchanges has combined this approach with the use of electronic systems for market surveillance which have made it much more likely that any breaches of the market's rules will be detected. Investors now not only recognise the Oslo stock market as an improved market offering greater liquidity and fairness in pricing, but they also value the contribution we are making to building greater professionalism across all the players in our market.



Sven Arild Andersen (left) is seen here with Oddleif Hatlem, who is responsible for the newly established Oslo Exchanges Institute.

Our decision to establish the Oslo Exchanges Institute has played an important part in this, and represents our commitment to encouraging greater expertise in areas such as investor relations, stock exchange and securities legislation and other issues. In practical terms this involves arranging courses and seminars to improve the overall quality of the market in these areas.

This process has helped to give the majority of market participants in the securities value chain a better understanding of just who are their customers, and this is particularly the case for investment firms and Oslo Exchanges itself. It used to be the case that brokerage firms were the main counterparty for the exchange's transactions, and the exchange saw these firms as its most important customers. This was particularly true whilst trading was still carried out on the floor of the Oslo stock exchange since the "exchange" was at that time virtually synonymous with the 30-40 dealers from investment firms who carried out their trading in the stock exchange building. The introduction of

electronic trading moved the dealers out of the Oslo stock exchange building to sit behind their own screens, and this change has served to shift the focus of all players in the market back on to issuers and investors. These are the players that form the basis for all transactions, and it is essential that the market should cater for their requirements. It is the issuers and investors who are, in reality, the market's real customers.

This change in perception does not in any way mean that Oslo Exchanges' strong relationship with the securities trading community has become any weaker. On the contrary our shared understanding of the customer demands that drive the securities market have put both the exchange and its member firms in a better position to meet these requirements.

After 182 years of operation, Oslo Exchanges has found itself in a world where fundamental market requirements have meant that traditional tenets of the exchange as a national institution, a monopoly and a 'not for profit' organisation have

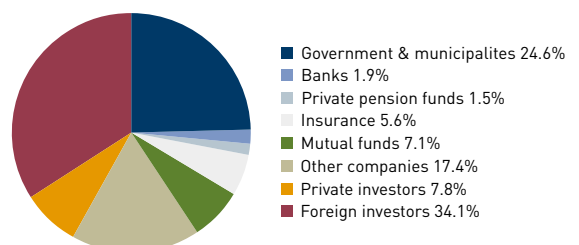
become irrelevant concepts. The key concepts on which Oslo Exchanges must now focus are those of satisfying the requirements of its primary customers, exploring the opportunities to participate in the process of market integration and ensuring the responsible management of its own resources to produce a proper return on its assets.

Oslo Exchanges will not survive in the Norwegian market if it cannot satisfy the requirements of its primary customers over the long term, and this will in future be the key theme for all activities.

This represents the only route by which we can contribute to ensuring that the Norwegian capital market can play the roles expected of it. These not only encompass its function as a source of risk capital and a marketplace for secondary trading of shares, but also its role as an arena for the creation of value and the restructuring of companies, industries and Norwegian commercial life in its broadest sense.

International comparison shows that investment by private individuals accounts for a relatively small share of total market capitalisation. However the scale of State ownership is unusually high.

source: [www.ose.no](http://www.ose.no)



## Report of the Board 2000

The Norwegian securities market performed well in 2000, and the total market capitalisation of listed companies grew by NOK 62.1 billion over the course of the year. The level of activity seen in the primary market was unusually high by international standards. Despite the uncertainty seen in international markets for much of the year, the Norwegian market enjoyed a strong inflow of capital and showed continuing interest in new investment opportunities. Companies raised a total of NOK 43.6 billion of equity capital from the market, and NOK 15.6 billion of this was raised by Telenor in connection with its stock exchange listing in December 2000. The total volume of new issues in 2000 was equivalent to 7.5% of the total market capitalisation at the start of the year. By the end of the year 28 new companies had been admitted to listing, with an over-representation of companies from the technology sector. The volume of turnover increased by 36% in 2000. It is particularly pleasing to note an increasing tendency for Norwegian and international investors to prefer to carry out their trading in Norwegian equities through the Oslo market.

All efforts made by Oslo Exchanges are based on increased focus on investor requirements and on improving market liquidity. The decision to introduce a new family of indices based on a new industrial classification system and new rules for index construction represents a good example of this. The new indices, which were introduced on 2 Feb 2001, follow international standards and are fully harmonised with the stock markets of Copenhagen and Stockholm.

The Norwegian securities market was again an arena in 2000 for the significant restructuring in the Norwegian economy through mergers, demergers and acquisitions. Whilst acquisitions of listed companies can be seen in isolation as a negative outcome for the stock market, such transactions lead to the efficient redeployment of capital into areas of higher return. Oslo Exchanges is an important catalyst for this process of dynamic change. There

is an increasing trend for Norwegian capital to find its way to overseas investment opportunities, but the supply of foreign capital to the Norwegian market is also growing. It is important to stress that international investment in Norwegian companies does not mean that their activities disappear overseas, but rather that foreign capital is invested in Norwegian businesses and contributes to value creation in Norway. Events of last year demonstrated that the opportunities offered by new technology and the harmonisation of the international regulatory environment are creating an entirely new situation for the world's security markets. The importance attached to any particular geographic market is diminishing now that capital can move freely over national boundaries. Investors operate in a global market, companies are exposed to restructuring on an international scale and suppliers of services to the financial markets find that customers now demand international product portfolios and an extensive range of low cost services.

Oslo Exchanges intends to take full advantage of the opportunities these changes create through its aggressive approach to the use of technology and by positioning the Oslo market in an international context, whilst at the same time reorganising its own activities to meet the future challenges of open competition. In practical terms this implies that Oslo Exchanges is heavily involved in the development of an integrated Nordic securities market, and is reorganising the exchange itself from being a not-for-profit self-owning institution to becoming a public limited company facing new and more intense demands for efficient operation and profitability.

### Privatisation

When the Norwegian parliament decided in the autumn of 2000 that exchanges in Norway should be organised as public limited companies, Oslo Exchanges was already well advanced with its plans for such a conversion. Stock markets around the world are exposed to increasing competition as a result of the increasing

globalisation of financial markets. Organising the business that manages a stock market as a public limited company provides the appropriate basis for the efficient organisation and operation of the market. In addition a corporate structure facilitates participation in structural changes both domestically and internationally. As a public limited company Oslo Exchanges will be able to raise additional equity to finance its activities.

The Oslo Exchanges Board and Management have devoted considerable time and effort to the imminent conversion to public limited company status and the issue of shares, and we expect that these changes will be carried out in the course of the first half of 2001.

The Norwegian Parliament decided that the consideration received from the sale of shares in Oslo Exchanges should accrue to the Norwegian State. However there was also a parliamentary majority in favour of the Ministry of Finance producing a proposal to establish a fund to promote research, education and information in respect of the Norwegian securities market. The Oslo Exchanges Board expects that the revised national budget will allocate sufficient resources to allow the fund to offer active and permanent support for the process of increasing professionalism amongst all players in the Norwegian market. Oslo Exchanges intends to be an active partner in this work in order to increase the general level of understanding of the importance that an effective capital market has for the process of value creation in the country as a whole.

### The role of Oslo Exchanges in Nordic integration

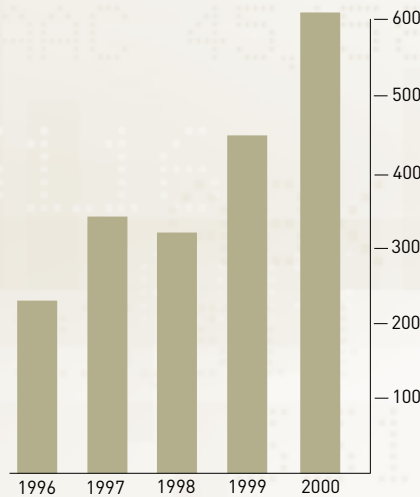
The decision to join the NOREX Alliance represents an important step towards realising our Nordic strategy. The Nordic co-operation represented by the Norex Alliance offers our customers access to an existing technical and market network of Nordic and international players. Norwegian companies will gain exposure to investors in the same way as other

**Turnover in equities and primary capital certificates (NOK billion)**

	<b>31.12. 2000</b>	<b>+/- %</b>
Total	609.1	36.7
Main List	562.0	36.4
SMB	37.5	46.5
Primary Capital Certificates	9.6	33.3
10 most traded	284.9	13.2

Despite turbulent market conditions, the equities market saw a 37 per cent increase in activity in 2000.

source: [www.ose.no](http://www.ose.no)



Nordic companies and will enjoy greater international exposure. Members and investors will enjoy access to a broader product range and this will in due course lead to lower costs than would be the case if the exchanges continued to operate as separate national entities.

Oslo Exchanges signed an agreement (the "Exchange Co-operation Agreement") with the stock exchanges of Sweden, Denmark and Iceland on 29 November 2000, and also entered into an agreement with OM Technology for the Saxess trading system. The agreement with OM Technology provides for rental of the trading system for a five-year period. It is expected that the system will be implemented during the first quarter of 2002. The Exchange Co-operation Agreement establishes what will come to be recognised as a single marketplace since trading will take place through one and the same trading system based on the same regulatory framework.

It seems likely that the restructuring currently taking place across all international securities markets will eventually lead to the question of a single connection to all European, or possibly even to all global, securities markets in the not too distant future. If this does prove to be the case, participation in a Nordic alliance will represent a good starting point for such further expansion.

During the course of 2000 the Norwegian Futures and Options Clearing House, the Norwegian Central Securities Depository and Oslo Exchanges were involved in extensive discussions on the further integration of the Norwegian securities market. Oslo Exchanges believes that further integration will be in the best interests of all the domestic players, and will put Norway into a stronger position to meet international competition. These discussions have not so far lead to any concrete results. However the Central Securities Depository is due to be privatised during 2002, and it seems likely that the opportunities for integration will increase once all the entities involved are public limited companies.

**Confidence and credibility**

The greatest asset of any marketplace, besides bringing together listed securities and market players, is market credibility. The activities of all the players that supply services to the market are related in one way or another to handling their customers' money. The credibility that represents a guarantee of the safe and proper treatment of customers' assets therefore represents a determining competitive factor.

Over the recent past Oslo Exchanges has committed considerable resources to professionalising its own activities, especially by improving trading technology and introducing electronic surveillance of trading. The ASTS electronic trading system delivered 100%

technical operational reliability throughout 1999 and 2000. This was achieved both by building up a committed and highly competent operations organisation and by introducing a system architecture with documented operational efficiency and reliability. The measures introduced to increase market surveillance and to ensure open share registers have made the Norwegian market one of the most transparent of any in Europe.

Market surveillance is the strongest tool for any stock exchange in the daily management of trading. Oslo Exchanges introduced the SMARTS surveillance system in 1999 allowing for continuous electronic surveillance tools to monitor the process of price quotation. The combination of market surveillance and a pro-active dialogue with players in the market creates the right conditions for fair trading and impartial treatment of all market participants. This not only represents a fundamental pre-requisite for market credibility but is also essential if the market is to satisfy the expectations placed on it for good liquidity and efficient trading.

The credibility of the market depends on a high level of professional conduct among all players in the market. Oslo Exchanges plays an active role in this, and works to ensure that companies focus on the interests of shareholders in providing information to the market. Investment firms and investors are



The performance of the Norwegian market in 2000 compared favourably with international markets.

also important in forming the confidence in the Norwegian marketplace. Trading in un-listed shares also forms part of the overall picture of the Norwegian securities market. If the quality of the unlisted market could be improved, this would create greater interest, increased trading and better opportunities for companies traded in this market to raise risk capital. Oslo Exchanges is willing to contribute technology and expertise to help bring about this improvement.

The imminent privatisation of Oslo Exchanges brings into sharp focus its dual role as a commercial organisation that is also responsible for market surveillance. Oslo Exchanges does not fear conflict of interest between these two objectives. The measures necessary to reinforce and improve the overall credibility of the stock market are essential for the long-term development of the Oslo market both as a marketplace and as a home for investors' funds.

The Norwegian State is a significant investor in the Norwegian securities market. The Norwegian State holds an overall 23.1% interest in listed Norwegian companies, and this proportion has increased over the past ten years at a time when the international trend has been for a reduction in state ownership.

The debate on state ownership is a matter for the political arena. However

where the Norwegian State is a dominant shareholder, it is essential for the credibility of the Norwegian capital market that its ownership role is conducted in a professional manner and follows clear principles. Improvements in this respect will help to ensure that investor interest in companies with a dominant state shareholding and the pricing of their shares is in line with the companies with which they compete both domestically and internationally. This is particularly important since the State is often a shareholder in large and significant companies that serve to attract international interest to the Norwegian market, and this interest is also of benefit to smaller companies in the Oslo market. Professional management of the State's ownership interests will help to strengthen the marketplace rather than allow a perception of a particularly Norwegian ownership structure to weaken the market as a whole.

#### Organisation

Oslo Exchanges reorganised its activities during 2000 in order to improve its organisational effectiveness. The changes were designed to identify more clearly the various income generating activities in which it is involved and to consolidate the areas of its activities which represent similar product or service functions. Five business areas have been established: Equity Markets, Fixed Income Markets, Derivatives Markets, Oslo Børs Informasjon AS and the Oslo

Exchanges Institute. The Oslo Exchanges Institute offers courses and seminars, and is operated by Oslo Exchanges on a commercial basis. Oslo Børs Informasjon AS is responsible for sales of the information processed and distributed to the market on the basis of data collected from the marketplaces.

Oslo Exchanges has committed considerable resources to building up expertise, and it sees this as an important area of continuing activity for the future development of the Oslo market as an attractive marketplace.

#### Financial results

Oslo Exchanges comprises Oslo Exchanges and Oslo Børs Informasjon AS. Unless otherwise indicated, the commentary on financial results refers to consolidated figures. The high level of activity seen in both the primary and secondary markets was reflected in strong operating revenue. Total operating revenue amounted to NOK 196.8 million in 2000, an increase of 27% from 1999. Revenue from the equity market in the form of fees for trading, listing and prospectus approval represented the largest source of income at NOK 84.4 million, whilst sales of information through the subsidiary Oslo Børs Informasjon AS generated revenue of NOK 74.0 million.

Operating expenses amounted to NOK 181.5 million. The expected migration to the Saxess trading system in the



Board members (left to right):

Harald Norvik (Chairman), Tom Knoff (Deputy Chairman), Jarle Berge, Christina Stray (Staff representative), Frode Hassel, Johan Solbu Braaten, Kristin Normann Aarum og Georg Størmer.



beginning of 2002 implies that the current ASTS system will have a shorter life than previously expected. As a result, the depreciation charge for the system was increased by NOK 23 million. Total depreciation for the year was NOK 49.5 million. Total operating expenses increased by 4.6% from 1999, but if the increased depreciation charge is excluded, operating expenses are seen to have fallen by 8.6%. Salaries and other personnel related costs amounted to NOK 61.3 million and accounted for approximately 34% of operating expenses. Operating profit amounted to NOK 15.3 million, and profit for the year after-tax was NOK 20.7 million.

Oslo Børs Informasjon AS reported a pre-tax profit of NOK 8.7 million for the year as compared to a loss of NOK 1.0 million in 1999.

The net profit of NOK 20.7 million for Oslo Exchanges will be applied as follows: NOK 6.3 million is allocated to the reserve for valuation differences whilst the remaining NOK 14.4 million is allocated to other equity. The group's total equity increased to NOK 195.9 million from NOK 174.8 million

at the close of 1999. The equity ratio is 82%, and current assets represent 60% of the total balance sheet.

**Working environment and employee matters**

Oslo Exchanges and Oslo Børs Informasjon AS had a total of 93 employees at the end of 2000. The level of absence due to sickness was 1.5%. No serious accidents or injuries were reported during the year. Employees have access to a company health service and ergonomic advice. Employee representatives meet with senior management on a regular basis through the Co-operation Forum, which is established for the purpose of discussing matters such as the working environment. Employees also have one representative on the Oslo Exchanges Board. The working environment is considered to be good, and measures to improve working conditions are introduced on a continual basis.

**Environmental report**

The activities carried out by Oslo Exchanges do not have any material adverse effect on the external envi-

ronment. The business activities of Oslo Exchanges are not subject to any licences or restrictions.

**Prospects for 2001**

The Oslo Exchanges Board expects to see a continuing high level of activity in the Norwegian securities market. The decision to expand the market through the Norex Alliance and the continuing focus on market-place quality lead the Board to believe that Oslo Exchanges is well placed to retain existing investors, issuers and members and to attract new players into the market. Solidity is strong, and the overall financial condition is such that Oslo Exchanges is well placed to meet the challenges of 2001.

The Annual Report and Accounts have been prepared on the basis of the going concern assumption. No circumstances have arisen at the date of signing of these accounts of any material relevance to the content of the Annual Report and Accounts for 2000.

Oslo Exchanges operates from Tollbugata 2, Oslo.

Oslo, 21 February 2001

Harald Norvik  
sign.

Kristin Normann Aarum  
sign.

Christina Stray  
sign.

Jarle Berge  
sign.

Georg Størmer  
sign.

Tom Knoff  
sign.

Frode Hassel  
sign.

Johan Solbu Braaten  
sign.

## Profit and loss account

OSLO EXCHANGES			NOTE	FIGURES IN NOK 1,000	GROUP		
2000	1999	1998			2000	1999	1998
				<b>OPERATING REVENUES</b>			
169 292	132 240	112 921	1	Operating revenues	195 547	154 862	127 388
1 280	0	0		Gain on sale of fixed assets	1 280	0	0
<b>170 572</b>	<b>132 240</b>	<b>112 921</b>		<b>TOTAL OPERATING REVENUES</b>	<b>196 827</b>	<b>154 862</b>	<b>127 388</b>
				<b>OPERATING EXPENSES</b>			
54 292	55 395	42 911	3,4,13	Salaries and related expenses	61 300	64 703	48 722
47 244	24 026	9 968	10	Depreciation	49 543	26 455	11 609
-	8 500	0	10	Loss on disposal of fixed assets	0	8 500	0
61 441	61 283	45 848	2,3,4	Other operating expenses	70 692	73 910	50 763
<b>162 977</b>	<b>149 204</b>	<b>98 727</b>		<b>TOTAL OPERATING EXPENSES</b>	<b>181 535</b>	<b>173 568</b>	<b>111 094</b>
<b>7 595</b>	<b>-16 964</b>	<b>14 194</b>		<b>OPERATING RESULT</b>	<b>15 292</b>	<b>-18 706</b>	<b>16 294</b>
6 264	-747	2 808	8	Income from subsidiary			
6 913	5 513	7 649		Financial revenues	7 949	6 285	8 378
-118	-118	-98		Financial expenses	-140	-147	-118
<b>13 059</b>	<b>4 648</b>	<b>10 359</b>		<b>NET FINANCIAL ITEMS</b>	<b>7 809</b>	<b>6 138</b>	<b>8 260</b>
<b>20 654</b>	<b>-12 316</b>	<b>24 553</b>		<b>ORDINARY RESULT BEFORE TAX</b>	<b>23 101</b>	<b>-12 568</b>	<b>24 554</b>
			6	Tax	-2 447	252	-720
<b>20 654</b>	<b>-12 316</b>	<b>24 553</b>		<b>PROFIT FOR THE YEAR</b>	<b>20 654</b>	<b>-12 316</b>	<b>23 834</b>
				<b>ALLOCATIONS</b>			
20 654	-12 316	24 553	11	Transferred from/to equity			
<b>20 654</b>	<b>-12 316</b>	<b>24 553</b>		<b>TOTAL ALLOCATIONS</b>			

# Balance sheet


OSLO EXCHANGES		NOTE	FIGURES IN NOK 1,000	GROUP	
2000	1999			2000	1999
			<b>FIXED ASSETS</b>		
			<b>Intangible assets</b>		
		6	Deferred tax assets	1 006	723
			<b>Tangible assets</b>		
6 283	6 374	10	Property	6 283	6 374
49 247	86 360	3,10	Trading system, other equipment, etc.	51 087	90 263
<b>55 530</b>	<b>92 734</b>		<b>Total tangible assets</b>	<b>57 370</b>	<b>96 637</b>
			<b>Financial fixed assets</b>		
13 718	7 454	8	Investment in subsidiary		
3 454			Investment in fund units	3 454	
26 416	21 957	3,5	Bonds and other receivables	26 416	21 957
6 914	4 183	7	Pension fund assets	7 055	4 079
<b>50 502</b>	<b>33 594</b>		<b>Total financial fixed assets</b>	<b>36 925</b>	<b>26 036</b>
<b>106 032</b>	<b>126 328</b>		<b>Total fixed assets</b>	<b>95 301</b>	<b>123 396</b>
			<b>CURRENT ASSETS</b>		
			<b>Receivables</b>		
6 254	14 633	2	Accounts receivable	11 183	8 510
23 512	12 902	5,9	Other receivables	8 928	6 921
<b>29 766</b>	<b>27 535</b>		<b>Total receivables</b>	<b>20 111</b>	<b>15 431</b>
<b>93 148</b>	<b>49 622</b>		<b>Bank deposits</b>	<b>121 973</b>	<b>67 023</b>
<b>122 914</b>	<b>77 157</b>		<b>Total current assets</b>	<b>142 084</b>	<b>82 454</b>
<b>228 946</b>	<b>203 485</b>		<b>TOTAL ASSETS</b>	<b>237 385</b>	<b>205 850</b>
			<b>EQUITY</b>		
			<b>Retained profit and other equity reserves</b>		
13 718	7 454	11	Reserve for valuation variances		
182 209	167 357	11	Other equity	195 927	174 811
<b>195 927</b>	<b>174 811</b>		<b>Total retained profit and other reserves</b>	<b>195 927</b>	<b>174 811</b>
<b>195 927</b>	<b>174 811</b>		<b>Total equity</b>	<b>195 927</b>	<b>174 811</b>
			<b>LIABILITIES</b>		
			<b>Provision for future liabilities</b>		
9 313	6 322	7	Pension liabilities	9 313	6 322
			<b>Current liabilities</b>		
7 879	8 546		Trade creditors	7 977	9 319
		6	Tax payable	2 731	0
6 446	6 401		Payroll tax and other deductions	7 014	7 227
9 381	7 405	5	Other current liabilities	14 423	8 171
<b>23 706</b>	<b>22 352</b>		<b>Total current liabilities</b>	<b>32 145</b>	<b>24 717</b>
<b>33 019</b>	<b>28 674</b>		<b>Total liabilities</b>	<b>41 458</b>	<b>31 039</b>
<b>228 946</b>	<b>203 485</b>		<b>TOTAL LIABILITIES AND EQUITY</b>	<b>237 385</b>	<b>205 850</b>

Oslo, 21 February 2001

  
Harald Norvik

  
Kristin Normann Aarum

  
Christina Stray

  
Jarle Berge

  
Georg Størmer

  
Tom Knoff

  
Frode Hassel

  
Johan Solbu Braaten

## Cash flow analysis

FIGURES IN NOK 1,000	OSLO EXCHANGES			GROUP		
	2000	1999	1998	2000	1999	1998
<b>Cash flow from operational activities</b>						
Ordinary result before tax	20 654	-12 316	21 746	23 101	-12 568	24 554
Income from subsidiary	-6 264	747				
Tax paid in the period					-720	-622
Gain/loss on sale of fixed operating assets	-1 280	8 417	-124	-1 280	8 417	-100
Depreciation of fixed operating assets	47 244	24 026	9 968	49 542	26 455	11 609
Change in accounts receivable	8 379	-8 060	1 805	-2 673	461	1 823
Change in trade creditors	-667	3 778	2 991	-1 343	3 260	3 785
Change in pension fund assets/liabilities	722	3 450	30	478	3 420	-56
Items classified as investment activity (reclass. of bonds)			421			421
Change in other accruals	-8 590	8 121	-8 874	4 033	424	-158
<b>Net cash flow from operational activities</b>	<b>60 198</b>	<b>28 163</b>	<b>27 963</b>	<b>71 858</b>	<b>29 149</b>	<b>41 256</b>
<b>Cash flow from investment activities</b>						
Increase in long term receivables	-4 459	21 005	-180	-4 459	21 016	-180
Investment in fund units	-3 454			-3 454		
Receipts from sale of fixed assets	1 735	220	662	1 735	220	892
Payments for purchase of fixed assets	-10 494	-38 457	-66 030	-10 730	-39 108	-71 904
<b>Net cash flow from investment activities</b>	<b>-16 672</b>	<b>-17 232</b>	<b>-65 548</b>	<b>-16 908</b>	<b>-17 872</b>	<b>-71 192</b>
Net change in cash and liquid assets	43 526	10 931	-37 585	54 950	11 277	-29 936
Cash and liquid assets at start of the period	49 622	38 691	76 276	67 023	55 746	85 682
<b>Cash and liquid assets at end of the period</b>	<b>93 148</b>	<b>49 622</b>	<b>38 691</b>	<b>121 973</b>	<b>67 023</b>	<b>55 746</b>

The cash flow analysis has been prepared in accordance with the indirect method. Cash and liquid assets comprise cash and bank deposits. Holdings of bonds are not included, since at the date of acquisition more than three months remained to maturity. Cash and liquid assets include blocked deposits, amounting to NOK 4,194k in respect of Oslo Exchanges (NOK 3,671k in 1999) and NOK 4,778k for the group as a whole (NOK 4,458k in 1999).

# Notes

## ACCOUNTING PRINCIPLES

The accounts have been prepared in accordance with Norwegian legislation and generally accepted accounting principles in Norway. The accounting principles set out below have been applied in a uniform and consistent manner in the accounts presented.

## PRINCIPLES APPLIED FOR THE CONSOLIDATED ACCOUNTS

The group comprises Oslo Exchanges and Oslo Børs Informasjon AS, a wholly owned subsidiary. The group accounts show the financial condition and profit for the year when the companies making up the group are treated as a single commercial entity. The purchase value method is used on consolidation. The purchase value method is used on consolidation. This means that the purchase price of the shares in the subsidiary is set against the actual value of assets and liabilities in the subsidiary at the time of purchase.

Internal transactions, receivables and liabilities are eliminated.

The parent company accounts recognise the interest in the subsidiary in accordance with the equity method of accounting.

## PRINCIPLES FOR CLASSIFICATION, DIFFERENTIATION BETWEEN CURRENT AND LONG-TERM AND VALUATION

### Classification of income and expenditure in the profit and loss statement

Revenues and costs which are related to normal operations are classified as operating revenues and operating costs and are both included in the calculation of operating profit. Financial items are taken into account following the calculation of operating profit but before arriving at ordinary result before tax. The parent company's net profit for the year is allocated in full to equity.

### Classification of assets and liabilities in the balance sheet

Assets which are to be held or used over the long term are classified as fixed assets in the balance sheet. Other assets are classified as current assets. Receivables due for payment within one year are always classified as current assets. Liabilities which fall due for payment within the coming year are classified as current liabilities in the balance sheet.

### Income and costs

Fees charged for services rendered represent the principle source of revenue for Oslo Exchanges. Such services are performed on a daily basis, but fees are invoiced both in advance and in arrears. In accordance with the earnings principle, invoiced fees are accrued in accordance with the amount earned in the accounting period.

Costs are recognised to profit and loss in the same period as the income to which they relate (the principle of matching). Costs

that cannot be directly related to income items are recognised to profit and loss as they are incurred. Costs that can only be indirectly related to income items are recognised to profit and loss in accordance with the principle of approximation, as for example in the case of the depreciation of operating assets over the expected commercial life.

### Classification of assets and liabilities in the balance sheet

Current assets are valued at the lower of cost and net realisable value and current liabilities are valued at the higher of their value when created and net realisable value.

Fixed assets are initially valued at cost. If there is a fall in the value of an asset that is not thought to be temporary, book value is written-down to net realisable value. It is assumed that investments in Norwegian government bonds will be held to maturity. Any premium paid on the purchase of bonds is amortised to maturity.

Operational fixed assets are initially recorded at their acquisition cost and are then depreciated on a straight line method over their expected economic life from the time the asset is taken into use. Expenditure on maintenance of operational fixed assets is recognised to the profit and loss account as an operating cost. Additions or improvements to operational fixed assets are added to the cost of the assets and depreciated over the remaining lifetime of the asset. The distinction between maintenance and additions/improvement is determined in relation to the condition of the asset in question at the time of acquisition. In the event of any change to the estimated remaining economic life of an asset, the book value is depreciated over the new estimated remaining life from the start of the accounting period in question.

Pension costs and pension liabilities are recognised in accordance with the provisional Norwegian Accounting Standard for pensions accounting.

The activities of Oslo Exchanges are not subject to taxation but the activities of its subsidiary are subject to taxation. The consolidated accounts take account of tax payable following net financial items. Tax for the period is related to the ordinary result before tax, and comprises tax payable and changes in deferred tax. Deferred tax and deferred tax liabilities are capitalised in the balance sheet at the nominal rate of tax on the basis of timing differences between accounting and taxation values. The calculation of deferred tax and deferred tax assets applies only to Oslo Børs Informasjon AS.

In the case of uncertainty over specific assets and liabilities, estimated values are used. Changes in amounts estimated in previous periods are recognised to profit and loss in the period in which the changes are made.

## NOTE 1 BREAKDOWN OF OPERATING REVENUES

OSLO EXCHANGES				GROUP		
2000	1999	1998		2000	1999	1998
48 709	43 850	47 754	Quotation fees	48 709	43 850	47 754
14 647	7 387	6 886	Listing/prospectus fees	14 647	7 387	6 886
38 435	31 849	27 938	Membership fees	38 435	31 849	27 938
13 876	13 844	9 055	Dealing fees - options	13 876	13 844	9 055
47 767	31 650	17 651	Sales revenue	74 022	54 727	32 237
5 858	3 660	3 637	Other income	5 858	3 205	3 518
1 280			Gain on sale of operating fixed assets	1 280		
<b>170 572</b>	<b>132 240</b>	<b>112 921</b>	<b>Total operating revenues</b>	<b>196 827</b>	<b>154 862</b>	<b>127 388</b>

## Notes

### NOTE 2 ACCOUNTS RECEIVABLE/LOSSES ON ACCOUNTS RECEIVABLE

Accounts receivable are recorded at their nominal value less provisions for expected losses. The provision for expected losses amounts to NOK 170k for Oslo Exchanges and NOK 420k for the group.

Neither Oslo Exchanges nor the group recognised any realised losses on receivables in 2000.

### NOTE 3 DETAILS OF MAJOR ITEMS

OSLO EXCHANGES				GROUP		
2000	1999	1998		2000	1999	1998
4 667			Pre-payment of rental for the new trading system	4 667		
	36 109	74 864	Investment in ASTS trading system for bonds and equities		36 109	74 864
	7 738		Compensation on departure of former management		7 738	
	8 500		Hand-over of remote gateways		8 500	

### NOTE 4 ANALYSIS OF MAJOR PROFIT AND LOSS ACCOUNT ITEMS

#### Salaries and other personnel expenses

OSLO EXCHANGES				GROUP		
2000	1999	1998		2000	1999	1998
42 386	37 602	32 454	Salaries	47 844	44 678	37 132
3 325	2 721	2 325	Pension expenses	3 580	3 180	2 663
7 369	6 714	5 450	Social security contributions	8 262	7 862	6 175
1 212	8 358	2 682	Other benefits	1 614	8 983	2 752
<b>54 292</b>	<b>55 395</b>	<b>42 911</b>	<b>Salaries and related expenses</b>	<b>61 300</b>	<b>64 703</b>	<b>48 722</b>

#### Other operating expenses

OSLO EXCHANGES				GROUP		
2000	1999	1998		2000	1999	1998
6 370	9 006	7 047	Real estate/premises	7 137	9 721	7 687
17 754	12 344	9 236	Purchase/maintenance of fixtures and fittings, equipment, software etc.	19 117	14 001	10 432
17 888	17 194	9 561	External services hired in	20 760	25 040	12 056
2 913	2 312	1 938	Travel	3 210	2 670	2 168
3 234	2 675	1 175	Marketing	3 249	2 698	1 299
13 282	17 752	16 891	Other	17 219	19 780	17 121
<b>61 441</b>	<b>61 283</b>	<b>45 848</b>	<b>Other operating expenses</b>	<b>70 692</b>	<b>73 910</b>	<b>50 763</b>

## Notes

### NOTE 5 ANALYSIS OF BALANCE SHEET ITEMS

OSLO EXCHANGES			GROUP	
2000	1999		2000	1999
<b>Bonds and other receivables:</b>				
20 399	20 607	Bonds and unit holdings	20 399	20 607
4 667		Pre-payment to OMT	4 667	
1 350	1 350	Other long term receivables	1 350	1 350
<b>26 416</b>	<b>21 957</b>	<b>Bonds and other receivables</b>	<b>26 416</b>	<b>21 957</b>
<b>Other current assets:</b>				
5 044	67	Account with subsidiary	0	0
565	759	Loans to employees	565	759
17 600	12 076	Prepayments and accrued income	8 060	6 162
303		Other receivables	303	0
<b>23 512</b>	<b>12 902</b>	<b>Other current receivables</b>	<b>8 928</b>	<b>6 921</b>
<b>Other current liabilities:</b>				
3 657	3 236	Salaries, holiday pay etc.	4 057	3 798
0	200	Deferred income/advances from customers	4 350	199
5 724	3 969	Accrued costs	6 016	4 174
<b>9 381</b>	<b>7 405</b>	<b>Other current liabilities</b>	<b>14 423</b>	<b>8 171</b>

#### Bonds held:

The portfolio consists of holdings in Norwegian Government bonds 92/02 (S463) nominal value NOK 20,000k. Holdings of bonds are classified as fixed assets on the assumption that they will be held to maturity. Any premium on the bonds is amortised over the period to maturity. The nominal value is accordingly also the book value at maturity. The market value of bonds held at 31.12.2000 was NOK 20,920k.

### NOTE 6 TAX EXPENSE/DEFERRED TAX ASSETS

The following table provides a specification of the difference between pre-tax profit for accounting purposes and the year's tax base for the group, as well as details of the tax charge for the year.

Group	2000	1999	1998
Ordinary result before tax	8 711	-998	2 808
Permanent differences	32	97	26
Change in temporary differences	1 098	816	-263
Tax loss carry-forward applied	-85		
<b>Tax base for the year</b>	<b>9 756</b>	<b>-85</b>	<b>2 571</b>
Tax due at 28%	2 732	0	720
Change in deferred tax assets	-284	-252	0
Dividend tax allowance	-1		
<b>Tax for the year</b>	<b>2 447</b>	<b>-252</b>	<b>720</b>

## Notes

The following table provides a specification of temporary timing differences and a calculation of deferred tax/deferred tax assets at the end of the financial year.

GROUP	2000	1999	1998
<b>Negative temporary timing differences:</b>			
Fixed assets	-3 623	-2 325	-1 471
Receivables	-111	-66	-75
Pension liabilities	141	-104	-134
Losses carried forward		-85	
<b>Total temporary timing differences</b>	<b>-3 593</b>	<b>-2 580</b>	<b>-1 680</b>
<b>Deferred tax/deferred tax assets at 28%</b>	<b>-1 006</b>	<b>-723</b>	<b>-470</b>

The application of the equity method of accounting to the parent company's holding of shares in the subsidiary Oslo Børs Informasjon AS means that tax due is already deducted from the profit recognised.

The tax charge/tax allowances shown in the group profit and loss account consists of tax payable and the change in deferred tax assets for the subsidiary company. Tax payable is calculated on the basis of the taxable income for the year, while the change in deferred tax assets is calculated on the basis of temporary timing differences between the year's income for accounting and tax purposes.

Deferred tax assets in the group balance sheet are calculated on the basis of the temporary timing differences which exist at the end of the accounting year between accounting and tax values and losses carried forward. Timing differences carried forward which reduce tax payable are set off against timing differences which increase tax payable and are reversed in the same period.

## NOTE 7 PENSION COSTS AND LIABILITIES

### Insured pension scheme

Oslo Exchanges has arranged a collective pension scheme through Storebrand Livsforsikring. The pension scheme is classified as a defined benefits scheme. Assuming that the employees subject to such insurance enjoy a continual increase in salary from year to year, the premiums paid in respect of a defined benefit plan increase sharply as employees approach pension age. For accounting purposes it is considered prudent to recognise the accrued entitlement to pension rights on a straight line basis over the period that rights are earned. Pension liabilities are therefore calculated as the net discounted present value of future benefits assumed to have accrued by the balance sheet date, based on the assumption that employees earn their entitlement to future pension on a straight line basis over their period of employment.

Pension fund assets are recognised at their actual value and netted against pension liabilities in the balance sheet. Net pension assets are classified as a fixed assets since it is considered likely that the funds in question will be used in due course.

### Un-insured scheme

The Oslo Stock Exchange established a voluntary early retirement scheme for all employees in 1997, effective from the age of 64 years. The scheme offers a pension equivalent to 60% of gross salary. For certain managers, based on seniority and the management position in question, the scheme is available from age 60. A provision of NOK 4,286k has been established in respect of this scheme. Further details of this liability are provided below.

In connection with the departure of the former President and C.E.O. of the Oslo Stock Exchange, there is an agreement to make future pension payments. The un-insured liability in this respect, which was recognised and expensed in full in 1999, is estimated at net discounted current value and capitalised in an amount of NOK 4,208k.

The current President and CEO of the Oslo Stock Exchange is entitled to a

pension from the age of 65 equivalent to 60% of final salary after deducting the value of state pension and pension payments due in respect of previous employment. The value of this liability is discounted to current value and allocated over the six-year period to pension age. The liability recognised in the balance sheet at 31 December 2000 amounts to NOK 818k.

The total provision for the un-insured pension scheme amounts to NOK 9,313k.

### Pension cost and pension liabilities

The net pension cost for the period is included in salaries and other personnel expenses, and consists of the net discounted present value of pension rights accrued for the year, the interest accrued on pension liability, the expected return on pension fund assets, the expensed effect of any change in the pension scheme or the estimates used, the expensed difference between actual and expected yield and the accrued liability for social security contributions.

Changes in pension liability arising from changes in the terms of the pension scheme are allocated over the expected remaining period for pension benefits to be earned. This is also applied to the effect of changes in estimates where the change in question exceeds 10% of the larger of pension liabilities or pension assets (the "corridor" approach).

With effect from the 2000 accounting year, employer's social security contributions in respect of payments to the collective pension scheme are capitalised to the extent that the payments increase pension assets. The accrued employer's social security contributions are included in pension assets. In previous years employer's social security contributions in respect of payments to the scheme were recognised as a cost. The effect of this change in accounting principle is NOK 462k, and has been applied directly to equity. The provision made for un-insured pension liabilities includes employer's social security contributions.

The following assumptions are applied in calculating pension liability:

	2000	1999	1998
Expected return on pension funds	8.00 %	8.00 %	8.00 %
Discount rate	7.00 %	7.00 %	7.00 %
Expected rate of increase in salaries and basic state pension (G)	3.30 %	3.30 %	3.30 %
Expected rate of increase in pension benefits	2.50 %	2.50 %	2.50 %
Average rate for employer's social security contributions	14.10 %	14.10 %	14.10 %

The actuarial assumptions applied are based on normally accepted insurance industry assumptions as to demographic factors.

**Insured scheme**

	2000	1999	1998
No. of parent company employees included in the scheme	68	65	58
No. of employees included in the scheme in total	78	75	66

Pension costs and pension liabilities of the parent company and group are as follows:

OSLO EXCHANGES				GROUP		
2000	1999	1998		2000	1999	1998
<b>Net pension costs:</b>						
2 035	2 062	1 687	Present value of pension rights accrued for the year	2 369	2 565	1 949
1 112	1 028	930	Interest on pension liability	1 176	1 086	1 020
-1 671	-1 423	-1 377	Expected return on pension fund assets	-1 808	-1 536	-1 481
<b>1 476</b>	<b>1 667</b>	<b>1 240</b>	<b>Net pension costs before employer's social security contributions</b>	<b>1 737</b>	<b>2 115</b>	<b>1 488</b>
488	353	323	Accrued employer's social security contributions	552	426	358
0	0		Change in pension scheme/estimates	-24	-16	0
<b>1 964</b>	<b>2 020</b>	<b>1 563</b>	<b>Net pension costs including employer's social security</b>	<b>2 265</b>	<b>2 525</b>	<b>1 846</b>
<b>Financial condition of the pension scheme:</b>						
-18 799	-17 559	-15 680	Calculated pension liability	-20 109	-18 951	-17 329
24 062	20 248	19 526	Pension fund assets	26 157	22 002	21 092
<b>5 263</b>	<b>2 689</b>	<b>3 846</b>	<b>Net pension assets before employer's social security</b>	<b>6 048</b>	<b>3 051</b>	<b>3 763</b>
742	0	0	Accrued social security contributions	742	0	-12
909	1 494	-497	Effect of changes in assumptions not recognised to profit and loss	265	1 028	-536
<b>6 914</b>	<b>4 183</b>	<b>3 349</b>	<b>Net pension assets</b>	<b>7 055</b>	<b>4 079</b>	<b>3 215</b>

**Un-insured early retirement scheme**

In addition to the assumptions detailed above for the insured scheme, the following assumptions also apply to the un-insured scheme:

	2 000	1 999	1998
Expected drawings under the scheme - employees under 50	20 %	20 %	20 %
Expected drawings under the scheme - employees over 50	90 %	90 %	90 %

Pension costs and pension liabilities of the parent company and group are as follows:

OSLO EXCHANGES				GROUP		
2000	1999	1998		2000	1999	1998
<b>Net pension costs:</b>						
389	822	920	Present value of pension rights accrued for the year	389	822	920
160	61	29	Interest on pension liability	160	61	29
<b>549</b>	<b>883</b>	<b>949</b>	<b>Net pension costs before employer's social security contributions</b>	<b>549</b>	<b>883</b>	<b>949</b>
77	125	134	Accrued employer's social security contributions	77	125	134
615	0		Change in pension scheme/estimates	615	0	0
<b>1 241</b>	<b>1 008</b>	<b>1 083</b>	<b>Net pension costs including employer's social security contributions</b>	<b>1 241</b>	<b>1 008</b>	<b>1 083</b>
<b>Financial condition of the pension scheme:</b>						
3 756	2 668	1 785	Calculated pension liability	3 756	2 668	1 785
530	377	252	Accrued employer's social security contributions	530	377	252
<b>4 286</b>	<b>3 045</b>	<b>2 037</b>	<b>Net pension liabilities</b>	<b>4 286</b>	<b>3 045</b>	<b>2 037</b>

## Notes

### NOTE 8 SHARES IN SUBSIDIARY COMPANY

The parent company accounts record the company's interest in the subsidiary Oslo Børs Informasjon AS in accordance with the equity method of accounting. The share of income recognised in the accounts is applied to the reserve for valuation differences. Further information on the company, the book value of the ownership interest and the calculation of the parent company's interest in its profit are as follows:

Company	Date acquired	Registered office	Ownership interest	Share of votes
Oslo Børs Informasjon AS	1988	Oslo	100 %	100 %

#### Analysis of over-value

Book equity at time of acquisition	-725
Attributable over value	13 225

<b>Acquisition cost</b>	<b>12 500</b>
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#### Calculation of book value at 31.12.00

Book value at 31.12.99	7 454
Interest in profit for the year	6 264

<b>Book value at 31.12.00</b>	<b>13 718</b>
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### NOTE 9 RECEIVABLES AND PAYABLES BETWEEN COMPANIES IN THE SAME GROUP

	OSLO EXCHANGE	
	2000	1999
<b>Current receivables:</b>	<b>18 879</b>	<b>16 830</b>

The parent company has not issued any guarantees nor pledged any assets in support of its subsidiary.

### NOTE 10 FIXED ASSETS

#### OSLO EXCHANGES

	Property	Vehicles, fittings etc.	Trading system	Operating assets not depreciated	Total
<b>Acquisition cost and ordinary depreciation</b>					
Acquisition cost 1 January	12 312	25 871	99 773	317	138 273
Additions during the year	520	2 467	7 507	0	10 494
Disposals during the year	780	5 715	0		6 495
<b>Acquisition cost 31 December</b>	<b>12 052</b>	<b>22 623</b>	<b>107 280</b>	<b>317</b>	<b>142 272</b>
Acc. ord. deprecation 1 January	5 938	20 903	18 699		45 540
Ordinary deprecation for the year	242	2 712	44 290		47 244
Acc. ord. deprecation for assets sold	410	5 630	0		6 040
<b>Acc. ord. deprecation 31 December</b>	<b>5 770</b>	<b>17 985</b>	<b>62 989</b>	<b>0</b>	<b>86 744</b>
<b>Book value 31 December</b>	<b>6 283</b>	<b>4 638</b>	<b>44 291</b>	<b>317</b>	<b>55 530</b>
Expected economic life	50	3-10	3	I/A	
Depreciation plan	Linear	Linear	Linear 1)	I/A	

1) The trading system for the equity and fixed income marketplaces (ASTS) was first brought into use in February 1999. The expected economic lifetime of the system was five years. As part of the NOREX Alliance, the Saxess trading system produced by OM Technology will replace the current trading system. As a result of this, the estimated economic life of the ASTS system has been reduced so that this system will be fully depreciated by the close of 2001. The book value of the system as at the close of 1999 has been allocated over the remaining life. The new SAXESS trading system has not yet been brought in operation.

<b>GROUP</b>	Property fittings etc.	Vehicles, system	Trading not depreciated	Operating assets	Total
<b>Acquisition cost and ordinary depreciation</b>					
Acquisition cost 1 January	12 312	33 693	99 773	317	146 095
Additions during the year	520	2 705	7 507	0	10 732
Disposals during the year	780	10 017	0		10 797
<b>Acquisition cost 31 December</b>	<b>12 052</b>	<b>26 381</b>	<b>107 280</b>	<b>317</b>	<b>146 030</b>
Acc. ord. depreciation 1 January	5 938	24 822	18 699		49 459
Ordinary depreciation for the year.	242	5 011	44 290		49 543
Acc. ord. depreciation for assets sold	410	9 932	0		10 392
<b>Acc. ord. depreciation 31 December</b>	<b>5 770</b>	<b>19 901</b>	<b>62 989</b>	<b>0</b>	<b>88 660</b>
<b>Book value 31 December</b>	<b>6 283</b>	<b>6 480</b>	<b>44 291</b>	<b>317</b>	<b>57 370</b>
Expected economic life	50	3-10	3	I/A	
Depreciation plan	Linear	Linear	Linear 1)	I/A	

#### NOTE 11 EQUITY

	Valuation differences	OSLO EXCHANGES		Valuation differences	GROUP	
		Other equity	TOTAL		Other equity	TOTAL
<b>Equity 31 December 1999</b>	7 454	167 357	174 811	0	174 811	174 811
Effect of change in principles applied directly to equity at 01.01.00 1)		462	462	0	462	462
<b>Adjusted equity at 01.01.2000</b>	<b>7 454</b>	<b>167 819</b>	<b>175 273</b>	<b>0</b>	<b>175 273</b>	<b>175 273</b>
<b>Change in equity for the year</b>						
Equity method for subsidiary	6 264	0	6 264			
Profit for the year	0	14 390	14 390	0	20 654	20 654
<b>Equity 31 December 2000</b>	<b>13 718</b>	<b>182 209</b>	<b>195 927</b>	<b>0</b>	<b>195 927</b>	<b>195 927</b>

1) With effect from the 2000 accounting year, employer's social security contributions in respect of payments to the collective pension scheme are capitalised to the extent that the payments increase pension assets. Accrued employer's social security contributions are included in pension assets. In previous years employer's social security contributions in respect of payments to the scheme were recognised as a cost. The effect of this change in accounting principle is NOK 462k, and has been applied directly to equity. The provision made for un-insured pension liabilities includes employer's social security contributions.

#### NOTE 12 NO. OF EMPLOYEES

OSLO EXCHANGES		No. of employees	GROUP	
2000	1999		2000	1999
87	82		93	88

## Notes

### NOTE 13 REMUNERATION OF OFFICERS, SENIOR MANAGEMENT, THE AUDITOR ETC.

#### Remuneration of senior employees and officers

	President	Board of Directors
Salary/directors' fees	1 778	750
Pension contributions	452	0
Other remuneration	120	0

The President and CEO is contractually entitled to receive 3 year's salary if he leaves his current position before the expiry of his term of office in 2005. The pension expense detailed above comprises the accrued premiums to be paid to the collective pension scheme, excluding employer's social security contributions. In addition the President is entitled to a pension from the age of 65 equivalent to 60% of final salary after deducting the value of state pension and pension payments due in respect of previous employment. (See note 7 ). Other remuneration takes the form of normal benefits such as a company car, free telephone etc..

Other than in the case of the President, there are no agreements in respect of compensation for the termination or change of any employment contract or board appointment. Oslo Exchanges has not entered into any agreement with any member of the Board of Directors, the President or any other employee in respect of bonuses, profit-sharing, issue of share options etc.

Loans have been granted to employees totalling NOK 565k. This includes unsecured loans of up to NOK 25k per employee. Interest is charged at fixed rates. Other than these loans, no loans have been granted to Board of Directors, the President or any other senior employees.

#### Auditor

Audit fees paid to the auditor for 2000 amounted to NOK 120k for Oslo Exchanges and NOK180k for the group as a whole. Fees paid for other assistance amounted to NOK 80k for Oslo Exchanges and NOK 140k for the Group.

### NOTE 14 LEASE AGREEMENTS

#### Annual lease payments in respect of assets not capitalised on the balance sheet

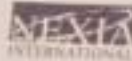
##### Operational assets

	Rental period	Annual rental
Rental of premises	From 1 to 5 years	3 047
Rental of software	3 years	1 200

The Oslo Stock Exchange entered into an agreement in October 2000 with OM Technology for the rental of a trading system. The rental period is five years, and commences from the day the system is delivered. The annual rental cost is SEK 13.9 million. In addition the Oslo Stock Exchange will pay connection charges over the rental period amounting to SEK 50 million in total. An amount of SEK 5 billion had been paid by 31 December 2000. This amount has been capitalised. The total connection charge will be accrued over the five-year rental period.

# Auditor's report

## REVISJONSFIRMAET KJELSTRUP OG WIGGEN ANS



(Translation from Norwegian)

To the Stock Exchange Council

Stemningsberedningens revisorer

Ole F. Kjølstrup

Jon Wiggen

Eirik Olsen

Per-Berning Lur

### AUDITOR'S REPORT FOR 2000

We have audited the annual financial statements of the Oslo Stock Exchange as of 31 December 2000, showing a profit of NOK 20 654 000 for the parent company and a profit of NOK 20 654 000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Board of Directors and the President of the Stock Exchange. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice. Good auditing practice require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Stock Exchange's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and present the financial position of the Stock Exchange and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice
- the Stock Exchange's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good accounting practice
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 21 February 2001

Revisjonsfirmaet Kjølstrup & Wiggen ANS  
Translation, not to be signed

Ole F. Kjølstrup  
State Authorised Public Accountant (Norway)

Note: The translation to English has been prepared for information purposes only

Drummenstveien 6 - 0255 Oslo - Norge  
Tlf: NO 866 522 992 - Bank 1609 04 17006 - e-mail: firmapost@kjelwig.no - www.kjelwig.no

REGISTRERT AV DEN NORSKE REVISORFORNING  
MEMBER OF NEXIA INTERNATIONAL

# The Nordic region becomes our home market

## Integration and co-operation

Oslo Exchanges' Nordic strategy represents a response to companies' needs for greater international exposure and the demands of members and investors for cost efficient and easy access to a wide range of securities.

### THE NOREX ALLIANCE

The development in international securities markets is clearly in the direction of greater geographic integration. The Euronext alliance is an example of this, as are both the unsuccessful plan to merge Deutsche Börses and the London Stock Exchange and the attempt by OM Gruppen to acquire the London Stock Exchange. Whilst there appears to be considerable agreement over the direction of this development, the list of successful co-operative groupings is as yet only short. However the Norwegian - Swedish derivatives market co-operation which was initiated as early as 1997 remains at the top of this list. This arrangement, known as the LEC alliance, clearly demonstrated that Oslo Exchanges and the OM Gruppen shared not only the will but also the ability to co-operate, and they were the first exchanges anywhere in the world to successfully implement co-operation across national frontiers.

A central feature of Oslo Exchanges' strategy is to take an active role in creating a common Nordic marketplace for all types of securities. Our goal is the establishment of a Nordic securities market which will offer the same services and products regardless of the country from which it is accessed.

The most important step taken in 2000 towards the implementation of

this strategy was the decision to join the NOREX Alliance of Nordic stock exchanges. The NOREX Alliance is a binding co-operation between the Stockholm Exchange, the Copenhagen Stock Exchange, the Iceland Stock Exchange and Oslo Exchanges. This alliance was started as a bilateral Swedish-Danish co-operation in 1997.

The NOREX Alliance has a stated target of establishing a transparent and liquid Nordic marketplace for securities. The alliance is not restricted to equity trading, but also includes trading in interest-bearing instruments and derivatives.

Whilst the Oslo stock market had a total of 214 listed companies representing a total market capitalisation of NOK 645 billion at the end of 2000,

the NOREX Alliance can point to a total of 833 listed companies representing a total market capitalisation in excess of NOK 5,500 billion.

### Unified market exposure

The first quarter of 2002 Oslo Exchanges and its members will be ready to start trading through the Saxess trading system that is already in use in Sweden, Denmark and Iceland. A considerable amount of work was carried out in 2000 on the harmonisation of trading rules. The unified exposure to investors and members that a common market will provide will eliminate the need for companies to maintain separate listings in other Nordic markets. This will concentrate the process of price quotation to a single order book for each listed share.

### NOREX

31.12.00	Close	+ / -	+ / - %	Bid	Ask	High	Low
<b>Telecommunication Services &amp; Information Technology</b>							
Ericsson, B	107.50	-0.50	-0.46	107.50	108.00	109.00	106.50
Merkantildata	34.30	-0.60	-1.72	34.30	34.40	35.10	33.30
NetCom, A	352.00	16.00	4.76	350.50	352.00	359.00	336.00
Opticom	560.00	-1.50	-0.27	559.00	560.00	572.00	550.00
Tele Danmark	325.38	-5.14	-1.56	330.00	320.00	330.00	320.00
Telenor	38.40	0.40	1.05	38.40	38.50	38.60	38.00
Telia	48.50	1.30	2.75	48.90	49.00	49.60	47.30
<b>Financials</b>							
Den Danske Bank 1)	141.83	3.82	2.77	142.00	143.00	144.00	140.00
Den norske Bank	47.50	-0.10	-0.21	47.50	47.60	48.00	47.50
Skandia Forsikringsab	153.50	-0.50	-0.32	153.50	154.50	156.00	152.50
Skandinaviska Enskilda Banken, A	104.00	-1.00	-0.95	104.00	105.00	109.00	104.00
Storebrand	62.50	-0.50	-0.79	63.00	64.00	64.50	62.00
Sydbank	309.66	1.35	0.44	306.00	309.66	310.00	306.00

Nordic integration in practice.

The alliance members intend to promote NOREX as a unified brand, and will co-ordinate international membership marketing.

**Working towards integrated settlement systems**

Trading is not fully integrated until the process of settlement between international players can be carried out as cheaply and efficiently as settlement between players in the local market. Oslo Exchanges and its NOREX partners will play a driving role in ensuring that the best possible efficiency and cost structure is made available to everyone trading on the NOREX exchanges.

**Significant benefits for all players**

The NOREX exchanges already have a technical and market distribution network of members and investors. Over 80% of investment firms active in the London market are already connected to NOREX, principally via Stockholm. Joining the NOREX Alliance will give our customers access to this global network of investors and members.

For companies listed on the Oslo stock market, our membership of the NOREX Alliance will mean that they achieve virtually the same exposure to global capital markets as could be achieved through a listing on the London market, but at a much lower cost.

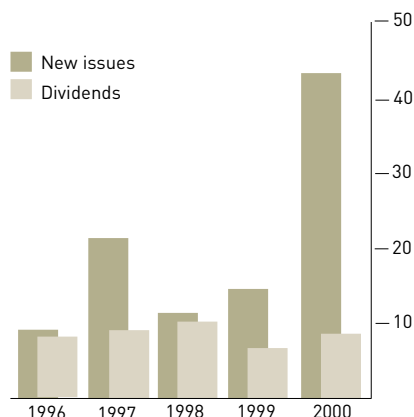
The members of the Oslo stock market will enjoy increased access to all Nordic securities in a simple and cost-effective manner. The ability to access this market through a single connection subject to a single set of rules will make Nordic securities accessible in an efficient manner. These advantages will also benefit investors by making investment firms more effective.

For Oslo Exchanges, membership of the alliance will create new opportunities for product development and the use of common information products, as well as offering synergy benefits. The particular expertise Oslo Exchanges can offer will be of



Nils Vogt's (right) responsibilities include membership of NOREX's marketing group, and Linus L. Lönnroth (left) is responsible for the Derivatives Business Area. Hege Sjo (centre) is Chief Financial Officer.

### New issues and dividends in 2000 (NOK billion)



Dividends paid benefit companies that have a need for capital.

source: [www.ose.no](http://www.ose.no)

value to the other exchanges, and this will contribute to bringing together the best features of all the member exchanges.

One of the first concrete results of the new co-operation is that the member exchanges have worked together to introduce a common sector classification and family of indices. These changes serve to satisfy investor requirements for easier international comparison of Nordic companies. The new indices were introduced in the Oslo market on 2 February 2001.

### Closeness to regional markets creates competitive advantage

A majority of our members, investors and companies define the Nordic region as their home market. Together with well established trading arrangements, a stock exchange's closeness to such players represents one of the most important competitive advantages. In this respect the Nordic exchanges are now well equipped to meet the competition from international markets.

The proportion of trading in the shares of blue-chip Nordic companies carried out through the companies' 'local' stock market has remained very high despite the increasing proportion of shares held by international investors. This principally reflects the efficiency of the local marketplaces and the expertise of their members, who have provided international customers with competitive services and demonstrated superior knowledge of the companies and their industries. Both the local marketplaces and their members have benefited from their closeness to the decision-makers at these companies and from their own expertise in the local market.

The Oslo stock market has a regional advantage, both as a marketplace and through its exposure to particular Norwegian industry clusters, that has allowed it to develop international

competitiveness in certain specialist sectors. The emergence of Oslo as the world's leading stock market for shipping companies is a consequence of the broadly based expertise developed in a range of different technical specialities over the many generations that Norway has been a seafaring nation. No other financial environment understands this particular industry as well as the Norwegian market, and a listing on the Oslo stock market provides the best exposure to this particularly well-informed investment environment. This is also becoming the case for the cruise industry.

Over the course of the last decade other areas of expertise have grown up around sectors such as oil and gas and offshore. The marine food industry is now attracting the same development of expertise, and is a rapidly growing industry with major global potential where Norway undoubtedly has specialist expertise. Oslo Exchanges is already working actively to make the Oslo market-place the natural first choice for all players, both Norwegian and international, seeking exposure to investors with knowledge and understanding of this new industry.

Oslo Exchanges intends to increase its focus on sectors where it is natural that clusters of expertise and regional concentration should be found in Norway. A properly managed and targeted positioning will help to strengthen and focus the natural growth of such areas to allow the development over time of a leading international position in these sectors.

Nordic stock exchange co-operation will also allow Oslo Exchanges to take part in the strong international position the Nordic region as a whole enjoys in specific sectors such as TMT, pharmaceuticals, food processing, engineering and forestry. This will also enable Oslo Exchanges to offer effective market exposure for Norwegian companies that operate in industrial sectors which are relatively under-represented in the domestic Norwegian market.



Merete Myhrstad (centre) and Catharina Hellerud (right) are part of a team of business graduates and accountants responsible for service and supervision for listed companies. Inge A. Myhrvold (left) is responsible for marketing Oslo Exchanges to new companies.

## A new reality dawns

**The Oslo Stock Exchange is due to be privatised during 2001, and will now be known as Oslo Exchanges. This will represent the start of a new reality for the Norwegian securities market. The new era will be shaped by the interplay of technological, commercial and political forces both domestically and internationally. Oslo Exchanges does not intend to passively adapt to the new reality, but will play a proactive role in creating and directing the process of change.**

We are already seeing dramatic changes in the securities market, and yet the process of change is still only in its early stages. In order to steer our future development through the major changes taking place in the Norwegian and international security markets it is essential to understand the underlying forces of change. These derive from the interplay between technological change, international and domestic restructuring and political decisions. At the next level this results in three major forces of change and development which drive the process of change in the securities market.

- ▶ A major technological change, driven by creativity, which is creating a completely new openness right across existing systems and national boundaries.
- ▶ The process of globalisation in international commercial and public life, which is largely a response to technological change.
- ▶ The international deregulation and harmonisation of the regulatory framework which results from political change.

In addition to these factors, the process of change in our domestic market reflects the fact that Norway is not at all the same country it was just a few decades ago. What used to be a country rich in natural resources but short of capital has become a country with steadily diminishing natural resources but a level of national wealth that has made us a significant exporter of capital.

The Norwegian State has traditionally held significant investments in Norwegian business, but the wave of privatisations seen throughout Europe over the past ten years has finally reached our shores.

This provides the background for the new Stock Exchange Act, approved by the Norwegian parliament in autumn 2000, which requires that any entity carrying out the activities of a stock exchange in Norway must now be organised as a public limited company. It is now generally recog-

nised that a non-profit foundation is no longer the right organisational model for an institution exposed to intense international competition.

The new legislation opens up the possibility of major competition from other exchanges - both Norwegian and international - as well as from what the Act calls authorised marketplaces. The provisions it contains for the regulation of authorised marketplaces represent a new development, and the Act paves the way for the introduction of regulated marketplaces for securities that do not satisfy the requirements for a stock exchange listing. The new legislation also reduces to some extent the legally imposed duties that authorised exchanges carry out on behalf of the authorities. The new company Oslo Exchanges and any other marketplaces will be supervised, as is the case for other financial institutions, by the Banking, Insurance and Securities Commission.

The decision to join the NOREX Alliance of Nordic stock exchanges is a direct result of the steps being taken by Oslo Exchanges to meet the new reality in which it expects to operate. During the course of 2000 Oslo Exchanges also made changes across all its areas of activity in order to create a strong awareness of competition and a focus on strategic position. This new approach will become increasingly apparent as the future unfolds.

	Male	Female	
	63	33	
Age	◀ 35 yrs.	35 - 50	50 yrs. ▶
	52	35	9
	◀ 3 yrs.	3 - 5	5 yrs. ▶
Employed	52	24	20

Oslo Exchanges has a young but experienced staff.



The legal department, represented here by Christina Stray (right) and Atle Degré (centre), has played a central role in the privatisation process. Hille Kronstad (left) is responsible for human resources.

Competition is nothing new for Oslo Exchanges. Norwegian securities have been traded on other stock exchanges, principally London and New York, for some considerable time. In addition Oslo Exchanges also competes to some extent with its own members, since part of the overall volume of securities trading does not go through the stock exchange system. However Oslo Exchanges' introduction of an automatic matching trading system has served to attract trading back to the stock exchange system, and there are clear signs that trading in Norwegian securities is returning to the home stock market.

Oslo Exchanges also took steps at an early stage to commercialise certain aspects of its activities by establishing the subsidiary company Oslo Børs Informasjon AS.

The program implemented over the past three years to develop a highly competent and competitive IT department has also played an important role in creating a more competitively-oriented organisation.

The restructuring process has required a considerable degree of dynamic change and new approaches, but Oslo Exchanges has at the same time successfully maintained the stability and balance of expertise that its organisation represents. Oslo Exchanges now has a young but experienced staff, and a strong spirit

of co-operation across professional divisions provides the basis for competitive strength as well as creating a rewarding working environment. In order to increase the loyalty and focus of our employees, we intend to make arrangements for either profit-sharing or an employee share ownership scheme in connection with the imminent privatisation.

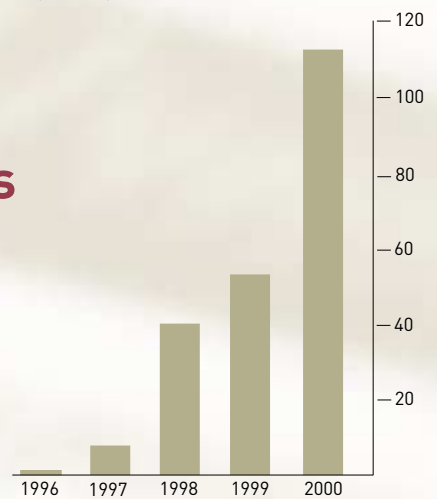
The experience we have gained through the privatisation process serves to confirm that the move to a new and more competitive situation has opened up new opportunities and provided a valuable stimulus for the pro-active development of our activities. It is very difficult to see how we could have experienced such a valuable process if we had been left in a more "sheltered" environment. Privatisation not only creates new business opportunities for Oslo Exchanges, but has also given us a new dynamism, a new way of thinking

and a corporate culture which will make it possible to attract new and exciting expertise. We look forward to welcoming new business partners and new customer groups.

The prospectus to be prepared for the sale of shares will provide further details of Oslo Exchanges' future approach to competition. It is clearly important that when an entity that has been a major Norwegian institution for 182 years is to be sold, the process must include clear objectives for the future and establish a well thought out and appropriate ownership structure. These factors, together with a clearly developed shareholder policy, a high-level of expertise and an aggressive strategy will form the cornerstones for a privatisation which will pave the way for the future development of the stock exchange as a company, marketplace and creative force for the Norwegian securities market.

## Technology and information services create a competitive advantage

Average number of visits per day as at year-end



Oslo Exchanges has seen an explosive growth in the number of visits to its internet site at [www.ose.no](http://www.ose.no).

**The trading and surveillance systems operated by Oslo Exchanges recorded the highest level of operational reliability in Europe over the course of 2000. Oslo Exchanges is also by far the largest electronic marketplace in Norway, with unique expertise in critical areas such as security and market regulation. From its position as the hub of the securities chain, Oslo Exchanges is at the centre of information exchange in the Norwegian capital market. Oslo Exchanges intends to actively promote its capabilities in these areas on a commercial basis by developing new business areas.**

Over the course of just a few years Oslo Exchanges has developed an IT department which manages operations that can demonstrate one of the best records for operational - reliability in Europe, with technical availability of 100 per cent.

A high level of operational reliability is a key factor in creating an efficient and attractive marketplace. It is essential that buyers, sellers and brokers can be confident that information is fully up to date and that transactions are carried out promptly and securely. Even a 98 per cent level of operational reliability offers no comfort for the transactions that need to be carried out in the 2 per cent of time when the system is affected by problems.

Oslo Exchanges collects extensive market-relevant information from listed companies and operates systems which can analyse trading patterns in terms of individual players, specific times or other parameters, as well as operating an extensive domestic and international distribution system.

The combination of technological and market expertise, together with a unique information pool and an extensive customer distribution apparatus, creates business opportunities which can be developed to a significantly greater extent than is currently the case. The wholly-owned subsidiary Oslo Børs Informasjon AS has made commercial use of these resources for a number of years, and the same competitive advantage forms the basis for Oslo Exchanges' focus on the Internet as a communication channel to its users.

The development of the web site [www.ose.no](http://www.ose.no) has begun to generate revenue in its own right. The web pages are also an important tool for Oslo Exchanges' commitment to efficient communication between issuers and brokers. They also play an important role in bringing Norwegian issuers to the attention of a wider investor public, both in Norway and internationally, in order to improve market liquidity. The frequency of visits to the website

continued to show uninterrupted growth in 2000, and by the end of the year an estimated 8-10,000 users were producing an average total of 116,400 hits per day.

In addition to the technological expertise which it has developed, Oslo Exchanges has built up unusual and valuable expertise in regulation and surveillance. The systems used for this make use of technology as an "agent" to facilitate the subsequent application of in-depth market and financial expertise. The technology identifies potential irregularities, making it possible to apply "manual" expertise to best effect in investigating circumstances that are identified automatically.

The combination of expertise and systems is of central importance to Oslo Exchanges' position and competitiveness in the Norwegian securities market since it provides the cornerstone of the foundation of credibility which is essential for a stock exchange operation. The same combination can also be relevant to the development and operation of other electronic marketplaces, and this type of activity is growing rapidly. Significant amounts are being invested in B2B (business to business) electronic marketplaces both in Norway and internationally.



Cathrine Devold (left) is deputy to the Senior Vice President - Information Technology. She is seen here together with Christian Ringstad (centre) and Beate Lofseik (right), the editor of the Oslo Exchanges web site.

These marketplaces bring buyers and sellers together through web-based systems, and they are expected to create significant improvements in efficiency and reduce transaction costs in a long list of industries as well as in the public sector and non-commercial sectors.

Oslo Exchanges is a clear market leader for the operation of electronic marketplaces in Norway, having handled 2.4 million securities transactions worth some NOK 609 billion in 2000, and we are confident that the systems expertise at our disposal is suitable for commercial development for markets and

activities other than securities trading. Our ambition to aggressively position Oslo Exchanges in this area represents part of the strategy under development for the new competitive situation which we face.



## Senior management of Oslo Exchanges



**SVEN ARILD ANDERSEN (57),  
President & CEO**

Andersen is a graduate of the Norwegian School of Economics and Business Administration and has completed the Advanced Management Program at Harvard Business School. He was appointed as President and Chief Executive Officer on 3 January 2000 following 11 years as Managing Director of Pronova. Prior to this Sven Arild Andersen was Managing Director of Norsk Hydro Olje AB for 7 years.

**P. ANDERS BRODIN (41),  
Executive President**

Brodin is the Deputy to the President and Chief Executive Officer, and is also Chairman of the Board of Oslo Børs Informasjon AS and a member of the Board of the NOREX alliance. Brodin is an economics graduate of the University of Oslo, and has been with the OSE since 1993 when he was appointed Chief Economist. Anders Brodin played a central role in the process leading to the signing of the NOREX agreement.



**HEGE SJO (32),  
Senior Vice President & CFO**

Sjo is a business economics graduate of the University of Stirling and has a post-graduate qualification in finance from the Norwegian School of Economics and Business Administration. She joined the OSE in 1995 as a member of the research department, and was subsequently the leader for the project that led to the strategic plan adopted by the OSE. Hege Sjo took on responsibility for the Accounting and Finance function and joined the senior management team in June 2000.

**ANDRÉ HELLUM (35),  
Senior Vice President  
- Information Technology**

Hellum's qualifications are in the areas of data communications and service management, and he has been employed in the OSE's technical department since 1992. André Hellum has led a number of major IT projects for the OSE and was appointed Senior Vice President - Information Technology and joined the senior management team in 2000.



**PER EIKREM (36),  
Senior Vice President  
- Marketing and Communications**

Eikrem is a business economics graduate of the Norwegian School of Economics and Business Administration, and joined the OSE in 2001 to lead the newly established Marketing and Communications function. Prior to joining the OSE he was the Information Director of Netcom, and his previous appointments include that of Head of Information for Aker RGI.

**HÅVARD S. ABRAHAMSEN (35),  
Senior Vice President**

Abrahamsen is a business economics graduate and a state authorised accountant from the Norwegian School of Economics and Business Administration. He has been responsible for the Equity Markets Business Area since 2000. He joined the OSE in 1994, and has been Head of the Equity Issuers Department since 1998. Håvard S. Abrahamsen joined the senior management team in 2001.



## THE STOCK EXCHANGE COUNCIL 1 JANUARY 2000

### Chairman

Borger A. Lenth

### Deputy Chairman

Solveig Sollie

### Members

Gunnar Jørgensen

Jan A. Halvorsen

Eli Telhaug

Torkild Varran

Lena Sparr Johnsen

Lars Trondsgaard

Tone Ofstad

Gyda Berg

Kjersti Tøggård Trøbråten

Gro Granden

Else Bøthun

Kristian Lund

Hanne Bøvold

Thor Jørgen Guttormsen

Siv Elisabeth Østlien Jacobsen

Atle Johnsen

Karin Joys Vabø

Tor E. Hernæs

Baard Haugen

Lisbeth Lindberg

Hilde E. Johansen

Lasse E. Ruud

Jan Hellstrøm

Bernt Bangstad

Hege Sjø

### Deputy Members

Monica Smith-Sørensen

Cathrine Hellandsvik

Vibeke Parr

Inger Nergård

Erik Garaas

Olaug Svarva

Ingeborg B. Holtskog Olebakken

Terje Ruud

Eirik Bunæs

Erlend Hansen

Arild Lund

Per Broch Mathisen

Frede Aas Rognlien

Edith Midelfart

Geir Bruflot

Aase Aamdal Lundgaard

Henning Strøm

Elin Heio Kobro

Tor Lund

Hanne Rieker

Egil Blakstad

Astrid E. Sørgaard

Tom Kolvig

Kari S. Huse

Lars Inge Pettersen

### Organisation

Norwegian Shareholders Organisation

Ministry of Labour and Government Administration

Ministry of Finance

The Norwegian Financial Services Association

The Norwegian Financial Services Association

State Social Security Fund

Ministry of Justice

Association of Local Authorities

Banking, Insurance and Securities Commission

The Norwegian Confederation of Trade Unions

The Norwegian Central Bank

Norwegian Association of Stockbrokers

Norwegian Association of Stockbrokers

Norwegian Shipholders Association

Norwegian Futures & Options Clearing House

Norwegian Accounting Standards Board

Norwegian Association of Financial Analysts

Ministry of Trade and Industry

Conderation of Norwegian Business and Industry

Conderation of Norwegian Business and Industry

Norwegian Savings Bank Association

Mutual Funds Association

The Norwegian Central Securities Depository

Staff representative

Staff representative

## THE STOCK EXCHANGE BOARD - 2000

Harald Norvik, Chairman (as of 12 April 2000)

Tom Knoff, Deputy Chairman

Frode Hassel

Kristin Normann Aarum

Johan Solbu Braaten

Jarle Bergo

Georg Størmer

Oddleif Hatlem

Christiania Markets

Bolig- og Næringsbanken ASA

Department of Private Law, Faculty of Law, University of Oslo

Carnegie Fondsforvaltning AS

Norges Bank

Norsk Hydro ASA

Staff representative

## THE STOCK EXCHANGE APPEALS COMMITTEE

Bjørge Ven

John Giverholt

Anne Cathrine Høeg Rasmussen

Advokatene Haavind Vislie DA

Tiedemanns Joh. H. Andresen DA

Advokatfirmaet Schjødt AS

## THE ACCOUNTING COMMITTEE

Atle Johnsen

Finn Berg Jacobsen

Jan Syversen

Trond Tømte

Roy Myklebust

Aase Aamdal Lundgaard

Norges Handelshøyskole

Arthur Andersen & Co

Norwegian Tax Payer Association

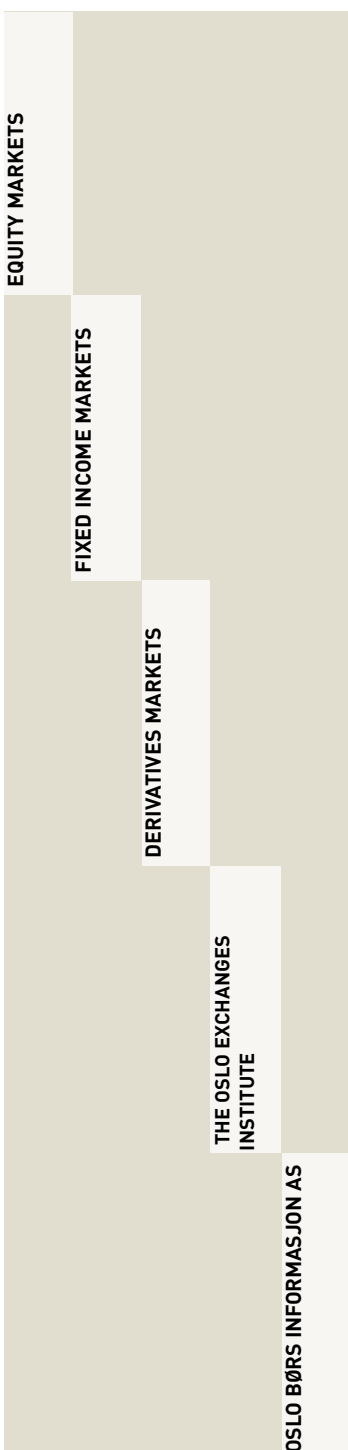
PricewaterhouseCoopers DA

Sundal Collier & Co. ASA

Deloitte & Touche Statsautoriserede Revisorer AS

# Business areas

Oslo Exchanges has defined five business areas for its activities. These are Equity Markets, Fixed Income Markets, Derivatives Markets, the Oslo Exchanges Institute and Oslo Børs Informasjon AS



**Equity Markets** is responsible for operating and developing Oslo Exchanges as a marketplace for equity instruments (shares and primary capital certificates). Its responsibilities include handling applications and enquiries for the listing of equity instruments and for membership. **Equity Markets** is also responsible for the company information system and for other systems relevant to its area of operations. It also provides a comprehensive service for issuers and members, as well as monitoring their behaviour. The review and approval of prospectuses is also carried out by this business area.

The equity markets business area carries out product and business development within its own area, and is managed by Senior Vice President Håvard S. Abrahamsen, who is a member of the executive management team.

**Fixed Income Markets** is responsible for operating and developing Oslo Exchanges as a marketplace for fixed income instruments, and it provides a comprehensive service for issuers, managers and other players in the fixed income market. The business area is responsible for control and monitoring to ensure that issuers and members adhere to the duty of disclosure and the terms and conditions of membership respectively. In addition the **Fixed Income Markets** business area is responsible for product and business development within its own area, and is managed by Vice President Bodil C. Østby.

**Derivatives Markets** is responsible for operating and developing Oslo Exchanges as a marketplace for equity and fixed income derivatives, as well as helping to create a liquid market in such derivative instruments by creating an attractive product range. This business area is responsible for services to members by way of broker services, operational support and functional assistance, and it is also responsible for ensuring that members adhere to the terms and conditions of membership. This business area, which is managed by Vice President Linus L. Lönnroth, is responsible for product and business development within its own area, and carries out extensive promotion of the derivatives market in co-operation with the Norwegian Futures and Options Clearing House.

**The Oslo Exchanges Institute** was established to improve the level of securities knowledge and expertise in the Norwegian market. Increasing the professionalism of investors, issuers and stock exchange members is both an objective and a strategic task for Oslo Exchanges, and the Institute plays a central role in this strategy.

The Institute organises and runs courses, examinations, external seminars and other events, as well as holding presentations for companies interested in applying for a listing of their securities on the Oslo market. Whilst the professional players in the market represent the target group for the Institute's work, it also seeks to disseminate information about the securities market to the media, opinion makers and the public at large. Vice President Oddleif Hatlem is the manager responsible for the Institute.

**Oslo Børs Informasjon AS (OBI)** is a wholly-owned subsidiary of Oslo Exchanges and is in many respects the interface between Oslo Exchanges and its members, investors and the market in general. The company functions as the electronic distributor of price information from the Oslo market, and its objective is to ensure strong liquidity in the Norwegian securities market through the production and distribution of market information.

OBI is responsible for the development, production and sale of price data and other market information. In addition to producing stock exchange prices, OBI also compiles indices, maintains databases and undertakes special projects on request. Managing Director Henning Dokset is responsible for OBI.

# Departments

<b>Market Surveillance</b> - Head of Department Sverre Lilleng	<p>Market surveillance aims to ensure general confidence in the process of price quotation by monitoring the conduct of players in the market.</p> <p>The combination of a unique surveillance system and specialised market expertise makes it possible to understand trading patterns and the actions of individual players in any specific security. The department has available a range of effective measures with which it can intervene in the market if the process of price quotation becomes unstable or unfair. Market surveillance aims to detect and rectify any breaches of market principles or of the legislation and regulations that govern the marketplace as quickly as possible. Where necessary the department will go on to investigate an incident with a view to either internal reporting and disciplinary action or, in more serious cases, referral for criminal investigation by the relevant authorities</p>
<b>Human Resources</b> - Head of Department Hille Kronstad	
<b>Legal</b> - Head of Department Atle Degré	<p>The legal department is responsible for ensuring that the general activities of Oslo Exchanges and specific decisions it takes are in line with the regulatory framework that governs its business, as well as ensuring that the interests of Oslo Exchanges are properly protected in the conduct of its business. The department also contributes to the development and maintenance of the aspects of the regulatory framework for users of the exchange for which Oslo Exchanges is responsible.</p>
<b>Accounting and Finance</b> - Senior Vice President & CFO Hege Sjo	
<b>Marketing and Communications</b> - Senior Vice President Per Eikrem	<p>The department is responsible for all external and internal communication. One of its main objectives is to help create and maintain confidence in the Oslo market and interest in its activities. This is done through a broad range of information, sales and marketing measures targeted not only at issuers, investors and stock exchange members, but also at society as a whole. Liaison with the media and editorial responsibility for the www.ose.no web site are also undertaken by this department, which is managed by Senior Vice President Per Eikrem, a member of the executive management team.</p>
<b>Purchasing and Real Estate</b> - Senior Manager Morten Müller	
<b>IT@OSE</b> - Senior Vice President Andre Hellum	<p>Oslo Exchanges operates an extensive portfolio of IT systems that require specialist expertise in a number of complex technical IT areas, and great importance is attached to maintaining specialised technical expertise in the areas of development, maintenance, technology and operations. The IT function of Oslo Exchanges, known as IT@OSE, is responsible for developing, maintaining and operating all the systems used by Oslo Exchanges. In addition to the trading system, this includes the SMARTS market surveillance system, data feed systems, the company information system, the web site, market data products, data warehousing and the VP network, which is a data communications network established jointly by Oslo Exchanges, OBI, the Norwegian Central Securities Depository and the Norwegian Futures and Options Clearing House.</p>
<b>Strategy</b> - Senior Vice President P. Anders Brodin	

## MEMBERS

A. Sundvall ASA	P.O.Box 657 Sentrum, N-0106 OSLO	+47 23 10 40 50
ABG Securities ASA	P.O.Box 1351 Vika, N-0113 OSLO	+47 23 11 76 00
Acta Forvaltning ASA	Børehaugen 1, N-4006 STAVANGER	+47 21 00 31 00
Alfred Berg Norge ASA	P.O.Box 1294 Vika, N-0111 OSLO	+47 22 00 50 00
Carnegie ASA	P.O.Box 684 Sentrum, N-0106 OSLO	+47 22 00 93 00
Christiania Bank og Kreditkasse ASA,		
Christiania Markets	P.O.Box 1166 Sentrum, N-0107 OSLO	+47 22 48 50 00
Christiania Securities ASA	P.O.Box 728 Sentrum, N-0105 OSLO	+47 23 31 85 00
Danske Securities ASA	P.O.Box 1770 Vika, N-0122 OSLO	+47 22 01 00 00
Den norske Bank ASA, DnB Markets	P.O.Box 1171 Sentrum, N-0107 OSLO	+47 22 48 10 50
E*Trade Norge ASA	P.O.Box 1557 Vika, N-0117 OSLO	+47 23 11 78 30
Erik Penser Fondkommission AB	P.O.Box 7405, S-103 91 STOCKHOLM	+ 46 8 663 80 00
Fearnley Fonds ASA	P.O.Box 1158 Sentrum, N-0107 OSLO	+47 22 93 60 00
First Securities ASA	P.O.Box 1441 Vika, N-0115 OSLO	+47 23 23 80 00
Fokus Bank ASA	N-7005 TRONDHEIM	+47 72 88 20 11
Fondsfinans ASA	P.O.Box 1782,Vika, N-0122 OSLO	+47 23 11 30 00
Handelsbanken Investment Banking	P.O.Box 332 Sentrum, N-0101 OSLO	+47 22 94 09 00
Karl Johan Fonds ASA	P.O.Box 1243 Vika, N-0110 OSLO	+47 23 10 56 00
Moe Securities ASA	P.O.Box 750 Sentrum, N-0106 OSLO	+47 23 17 95 00
Morgan Stanley & Co International Ltd.	25 Cabot Square, Canary Wharf	
	E14 4QA LONDON	+44 171 425 8000
NeoNet Securities AB	P.O.Box 7545, S-103 93 STOCKHOLM	+46 8 454 15 00
NetFonds ASA	Stenersgt. 2, N-0184 OSLO	+47 23 15 86 00
NordNet AB	P.O.Box 7415, S-103 91 STOCKHOLM	+ 46 8 402 50 00
Norges Bank	P.O.Box 1179 Sentrum, N-0107 OSLO	+47 22 31 60 00
Norse Securities ASA	P.O.Box 1474 Vika, N-0116 OSLO	+47 22 01 63 00
Orkla Enskilda Securities ASA	P.O.Box 1363 Vika, N-0113 OSLO	+47 21 00 85 00
Pareto Securities ASA	P.O.Box 1411 Vika, N-0115 OSLO	+47 22 87 87 00
Skandinaviska Enskilda Banken	P.O.Box 1843 Vika, N-0123 OSLO	+47 22 82 73 00
Sparebanken NOR Markets	P.O.Box 1172 Sentrum, N-0107 OSLO	+47 22 31 80 62
Sparebanken Nord-Norge,		
Fondsavdelingen	N-9005 TROMSØ	+47 77 62 20 00
Stocknet - Aston Securities ASA	P.O.Box 2470 Solli, N-0202 OSLO	+47 23 10 01 00
Sundal Collier & Co ASA	P.O.Box 1444 Vika, N-0155 OSLO	+47 22 01 60 00
Tele Trade Solutions AB	P.O.Box 14077, S-167 14 BROMMA	+46 8 506 33 000
Terra Fonds ASA	P.O.Box 2349 Solli, N-0201 OSLO	+47 22 87 81 00
UBS Warburg	P.O.Box 1722, S-111 87 STOCKHOLM	+46 8 453 73 00
Unibank A/S, Unibank Markets	Torvgade 2, D-1786 KØBENHAVN	+45 33 33 33 33



PARTNER OF  
**NOREX**  
ALLIANCE

P.O. Box 460 Sentrum, NO-0105 Oslo, Tollbugata 2, NO-0152 Oslo, Norway  
T: +47 22 34 17 00, F: +47 22 41 65 90, E: [info@ose.no](mailto:info@ose.no), [www.ose.no](http://www.ose.no)