



## **AXFOOD PROPOSES CONVERTIBLE AND STOCK OPTION PROGRAM TO EMPLOYEES AND SENIOR EXECUTIVES**

The Board of Directors of Axfood AB has decided to propose to an extraordinary general meeting on October 20, 2000, with deviation from the shareholders' preemptive rights, the issuance of a convertible debenture to be subscribed by employees of the Group in Sweden, and the issuance of promissory notes with detachable warrants for new shares in Axfood AB. The warrants will be transferred to approximately 15 senior executives of the Axfood Group.

The proposed, main terms of the issuance of the convertible debenture are as follows:

- The loan will amount to a maximum of 140 million kronor and will run from January 22, 2001, through April 20, 2006. The loan can be converted to shares starting on January 21, 2005, through March 20, 2006. The loan will carry annual interest equivalent to the 12 month STIBOR rate less one percentage point.
- The application period for the program is November 15–28, 2000, and the settlement date is January 22, 2000.
- Each employee is entitled to subscribe for at least one block and not more than 15 blocks. All employees are guaranteed to be able to subscribe for at least 2 blocks. At current market conditions, one block corresponds to a value of approximately 7,000 kronor.
- The conversion price is set at approximately 116 percent of the average market price of Axfood shares during the period November 15–21, 2000. The dilutive effect is calculated to amount to a maximum of 2.8 percent of the share capital and votes.

The proposed, main terms of the warrants are as follows:

- A maximum of 560,000 warrants may be issued. The persons who will be included in the offer will be entitled to purchase 17,500–60,000 warrants, depending on their position, against payment of a going-rate premium which will be set by Handelsbanken Investment Banking.
- Each warrant will carry entitlement to subscribe for one new share during the period November 22, 2003 – August 21, 2004, at a subscription price corresponding to approximately 120 percent of the average price paid for Axfood shares during the period November 15–21, 2000.
- The application period for the program is November 15–28, 2000, and the settlement date is December 20, 2000.
- Upon full exercise of the warrants, the share capital will increase by 2.8 million kronor. The dilutive effect upon full exercise of the warrants during the program amounts to 1.0 percent of the capital and votes.

Stockholm, Sweden, September 8, 2000

THE BOARD OF DIRECTORS

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