

The Board of Directors of Gambro resolves on a Stock Incentive Program for the Group

Background

The Board of Directors of Gambro AB ("Gambro") has resolved to introduce a Stock Incentive Program consisting of three parts; a stock option program, similar to the programs introduced in 1999-2002 which are described in the annual report of Gambro, and two new types of programs based on allotment of shares pursuant to an American model (a so-called restricted stock program and a so-called performance share program).

The Board of Directors has, with assistance from the Compensation Committee and external experts, prepared the matter. On the basis hereof, it is the opinion of the Board that the fundamental principles should be that the remuneration to the key employees of the group shall be individual and in correlation with the market conditions and facilitate for the group to recruit and keep the best employees in a competitive environment.

The Stock Option Program

The stock option program shall comprise the senior executives. Stock options shall be allotted free of charge and give the holder a right to acquire B-shares in Gambro. The purchase price for the shares has been fixed to SEK 39.30, corresponding to 110% of the average market value of the B-shares during the period 3 March – 7 March 2003. The date of allotment is 10 March 2003. The stock options shall have a term of five years where the vesting period is divided as follows; one third of the stock options are vested one year after allotment, one third after two years and the last third after three years. The number of employees to be comprised by the stock option program is estimated to approximately 430 and the number of B-shares within the program is estimated to approximately 3,600,000 (of which approximately 1,800,000 underlying shares shall be allotted to senior executives in band 1-3 as set out below, in total approximately 75 of which approximately 50 live in the US, which also will be entitled to participate in the restricted stock and performance share program). Allotment of stock options shall be made in the same way as previous years' programs. The senior executives are divided into five different categories ("band") depending of their position. Band 1 comprises the CEO who shall be allotted 111,875 stock options. Employees in band 2 to 5 shall be allotted between 5,000 and 80,000 stock options each. The immediate superior to each employee determines the exact allotment within the band.

The market value of a stock option can theoretically be calculated to a value of approximately SEK 8.40, based on an average share price of SEK 35.70 for each Gambro B-share. The valuation has been established with the Black & Scholes valuation model, the volatility has been estimated to 35%. The total theoretical cost is thus estimated to approximately SEK 30.2 million. The company has made the above calculation.

The Restricted Stock Program

The restricted stock program shall comprise in total approximately 75 employees in band 1-3 above, of which approximately 50 live in the US. These employees shall receive B-shares free of charge pursuant to the following. The term of the program is five years where 40% of the shares are vested three years after allotment, 30% after four years and the remaining 40% after five years. Should a concerned employee no longer be employed in the group, non-vested shares shall become invalid. The number B-shares in the program amounts to 555,000.

The value of receiving a share in the restricted stock program constitutes the value of the share at the time of allotment. Based on the average price of the B-share at the time of allotment in the restricted stock-program, SEK 35.70, and that all the shares are vested, the cost for the company amounts to SEK 19.8 million. A hedge secures this cost, see below.

The Performance Share Program

The performance share program shall comprise in total approximately 75 employees in band 1-3 above, of which approximately 50 live in the US. These employees shall receive B-shares free of charge pursuant to the following. Allotment will take place after a three-year period. The size of the allotment is dependent upon how well each employee achieve individual financial goals during the three-year period, and that the employee remains employed. The employees concerned will receive between 0 and 150% of the planned allotment, depending on how well their individual financial goals have been achieved after the end of the three-year period. The number of B-shares in the program is estimated to a maximum of 555,000.

The value of receiving a share in the performance share program constitutes the value of the share at the time of allotment. Based on the average price of the B-share at the time of allotment in the performance share program, SEK 35.70, that the final allotment corresponds to the planned allotment, i.e. 100%, and that all shares are vested, the cost for the company amounts to SEK 19.8 million. A hedge secures this cost, see below.

Previous Stock Option Programs

The company has during the years 1999-2002 carried out stock option programs for senior executives. Outstanding stock options entitle to acquisition of approximately 8,200,000 B-shares. A description of the cost of these programs will be given in the annual report 2002.

Number of Shares Comprised by the Programs

In order to carry out the Stock Incentive Program in all three parts pursuant to the above, a maximum of approximately 4,700,000 B-shares are required, corresponding to approximately 1.4% of the total number of outstanding shares and 0.2% of the total number of votes in the company. Including previous incentive programs, the number of shares in such programs amounts to approximately 3.7% of the total numbers of shares and 0.5% of the total number of votes in the company.

Hedge

In order for Gambro to fulfil its obligations under the Stock Incentive Program in a cost efficient and flexible manner, the company's exposure in the event of a rise in the share price (including social security contributions) is secured by a hedge in the form of a so-called equity swap. The hedge comprises in total 5,200,000 B-shares, of which 4,000,000 shares are attributable to the stock option program and 600,000 shares each are attributable to restricted stock- and performance share program respectively.

In brief, an equity swap means that the company enters into an agreement with a bank according to which the bank, at a certain future point of time against receipt of the value of the underlying shares when the swap was entered into plus interest, delivers shares or a cash amount corresponding to the value of the shares at such future point of time.

Through the hedge in the form of an equity swap, the Stock Incentive Program should not lead to any dilutive effects on the company or on its shareholders. The costs, beside capital payments as set out in the previous paragraph, are estimated to be limited to a cost of interest calculated on the underlying value of the shares when the swap is agreed (reduced with an amount corresponding the dividend on the underlying shares). Based on the price of the company's shares at the time of allotment, SEK 35.70, and with an assumed interest of 4,37%, the current financial cost payments of the hedge are estimated to SEK 10 million.

Information

At the annual general meeting to be held on 23 April 2003, information on Gambro's Stock Incentive Program will be delivered under a certain item on the agenda. In connection herewith, the shareholders will be able to ask questions.

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Gambro is a global medical technology and healthcare company with leading positions in renal care - services and products - and blood component technology. Gambro Healthcare is one of the leading providers of kidney dialysis services in the world with more than 53,500 patients in 693 clinics worldwide. Gambro Renal Products comprises dialyzers, dialysis machines, blood lines and dialysis concentrates. Gambro BCT is the market leader in separation and handling of blood components. The group, with 2002 revenues of approximately SEK 27.6 billion (USD 2.7 billion), has 20,900 employees in some 40 countries.

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