



PRESS RELEASE, 20 October 2000

Extraordinary general meeting of Axfood AB approves the Board's proposal for a convertible and stock option program and repurchase of shares

The extraordinary general meeting of Axfood AB held today approved the Board's proposal to issue a convertible debenture to be subscribed by employees of the Group in Sweden, and the issue of promissory notes with detachable warrants for new shares in Axfood. The warrants will be transferred to 16 senior executives of the Axfood Group.

The main terms for the issue of the convertible debenture are as follows:

- The loan will amount to a maximum of 140 million kronor and will run from 22 January 2001 through 20 April 2006. The loan will carry annual interest equivalent to the 12 month STIBOR rate less 1.0 percentage point.
- The application period for the program is 15 November to 28 November 2000. The settlement date is 22 January 2001.
- Each employee is entitled to subscribe for a maximum of 127,500 kronor in blocks of 8,500 kronor. All employees are guaranteed to be able to subscribe for 2 blocks.
- The conversion price is set at 114% of the average market price of Axfood shares during the period 15-21 November 2000. The dilution effect is calculated to amount to a maximum of 2.8% of the share capital and votes.

The main terms of the warrants are as follows:

- A maximum of 427,500 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 22 November 2003 – 21 August 2004, at a subscription price corresponding to 120% of the average price paid for Axfood shares during the period 15-21 November 2000.
- The application period for the program is 15-28 November 2000, and the settlement date is 20 December 2000.
- Upon full exercise of the warrants, the share capital will increase by 2.1 million kronor. The dilution effect upon full exercise of the warrants during the program amounts to 0.8% of the capital and votes.

The extraordinary general meeting also authorized the Board to make a decision regarding repurchase of own shares, of a maximum of 1,600,000, to be used as payment for the acquisition of the retail chain HP Billigt och Nära. The purchase of shares will be made on the OM Stockholm Exchange.

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Axfood AB is one of the largest listed food wholesale and retail companies in the Nordic countries. It was formed through the merger between Hemköp and D&D Dagligvaror, and the acquisitions of Spar i Sverige, Spar Inn Snabbgross and Spar Finland.

The company conducts wholesale and retail trading through a number of store profiles, including Hemköp, Axfood Lågpris (e.g., Willys), Spar, Vivo and Tempo. Consolidated annual sales are estimated at approximately SEK 30 billion, with approximately 8,000 full-year employees.

The Axfood Group has over 1,000 stores in Sweden, of which 250 are wholly or partly owned, while the remainder are run by independent merchants tied to the company through agreements. Axfood has some 330 stores in Finland, of which 85 are wholly owned and the remainder operated by independent merchants. The market share is nearly 20 percent in Sweden and approximately 10 percent in Finland.

Axfood AB is listed on the A-list of the OM Stockholm Exchange. Axel Johnson AB is the principal owner, with approximately 45 percent of the shares.