

NOTICE OF ANNUAL GENERAL MEETING OF AXFOOD AKTIEBOLAG

The shareholders of Axfood Aktiebolag (publ), reg. no. 556542-0824, are hereby invited to attend the Annual General Meeting (AGM) to be held at 5 p.m. on Wednesday, 18 March 2015. Location: Cirkus, Djurgårdsslätten 43-45, Stockholm. Registration for the AGM will open at 4 p.m.

Right to participate and notification

Shareholders who wish to participate in the proceedings of the Annual General Meeting must

- be registered as shareholders in the register of shareholders maintained by Euroclear Sweden AB as per 12 March 2015, and
- notify the Company of their intention to attend the Meeting not later than Thursday, 12 March 2015. Application may be made via the Company's website: www.axfood.se. Application may also be made in writing to: Axfood AGM, c/o Euroclear Sweden AB, Box 7841, SE-103 98 Stockholm, Sweden, or by phone at +46-8-402 90 51. Notification must include the shareholder's name and personal identity number or company name and corporate identity number, address and phone number, and the number of any assistants accompanying the shareholder to the Meeting.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or other nominee must, in order to be allowed to attend the AGM, request to have their shares temporarily re-registered in their own names in the register of shareholders by 12 March 2015. Shareholders interested in such re-registration should inform their respective nominees of such request well in advance of this date.

Proxies, etc.

Shareholders who are represented by proxy must issue a power of attorney for their proxy. If the power of attorney has been issued by a legal entity, copies of authorization documents (certificate of registration or similar) must be attached. To facilitate registration for the Annual General Meeting, the power of attorney, in original, and any authorization documents should be sent by post well in advance of the Annual General Meeting to the following address: Axfood AGM, c/o Euroclear Sweden, Box 7841, SE-103 98 Stockholm, Sweden. Proxy forms can be downloaded from Axfood's website: www.axfood.se.

Proposed agenda

1. Calling to order of the Annual General Meeting
2. Election of a chairman to preside over the Annual General Meeting
3. Drawing-up and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to check the minutes
6. Resolution as to whether the Annual General Meeting has been duly convened
7. Presentation of the annual report and auditor's report, of the consolidated accounts and auditor's report for the Group, and of the auditor's report on the audit work
8. CEO's address and questions from the shareholders
9. Resolution concerning adoption of the income statement and balance sheet, and the consolidated income statement and consolidated balance sheet
10. Resolution on discharge from liability of the directors and president
11. Resolution concerning disposition of the Company's profit in accordance with the adopted balance sheet and the record date for payment of the dividend
12. Report on the Nominating Committee's work and recommendations
13. Determination of the number of directors and deputy directors, and of the number of auditors and deputy auditors, to be elected by the Annual General Meeting
14. Determination of directors' and auditor's fees

15. Election of the Chairman of the Board, other directors and deputy directors
16. Resolution on guidelines for appointment of the Nominating Committee, etc.
17. Resolution on guidelines for compensation of senior executives
18. Resolution on employee purchases of shares in subsidiaries
19. Resolution on amendments to the Articles of Association
20. Resolution on stock split
21. Conclusion of the Annual General Meeting

Proposals from the Board of Directors and the Company's nominating committee

Point 2 – AGM chairman

The Nominating Committee nominates Fredrik Persson, Chairman of the Board of Axfood, to serve as chairman to preside over the Annual General Meeting.

With respect to Axfood's nominating committee ahead of the 2015 Annual General Meeting, it was appointed in accordance with the guidelines that were decided on at the 2014 Annual General Meeting. The members of the Nominating Committee are Hans Dalborg (Axel Johnson Aktiebolag), Kristin S. Genton (Reitangruppen AS), Tomas Hedberg (Swedbank Robur funds), Johan Strandberg (SEB funds) and Jonas Hillhammar (Axfood's Shareholder Association). Hans Dalborg has been appointed to serve as chair of the Nominating Committee. Fredrik Persson, Chairman of the Board of Axfood, is a co-opted member of the Nominating Committee.

Point 11 – Disposition of profit and record date for payment of the dividend

The Board of Directors proposes a dividend of SEK 17.00 per share and that the record date for entitlement to the dividend shall be 20 March 2015. Given the proposed record date, dividends are expected to be paid out via Euroclear Sweden AB on 25 March 2015. The last day for trading in the Company's stock including the right to the dividend is 18 March 2015.

Points 13-15 – Number of directors and deputy directors, directors' fees, Chairman of the Board and other directors and deputy directors

The Nominating Committee proposes the following:

Point 13 Seven AGM-elected directors and no deputies

Point 14 Directors' fees totalling SEK 2,595,000 (preceding year 2,525,000), of which SEK 560,000 payable to the Chairman (preceding year 550,000), SEK 410,000 to the Vice Chairman (preceding year 400,000), and SEK 325,000 to each of the other non-executive directors (preceding year 315,000), and no fees for committee work

Auditor's fee payable in accordance with approved invoice

Point 15 Re-election of Fredrik Persson as Chairman of the Board

Re-election of directors Antonia Ax:son Johnson, Caroline Berg, Peggy Bruzelius, Lars Olofsson and Odd Reitan

New election of Ann Carlsson as a director on the Company's board. Ann Carlsson (b. 1966) is educated as a human resources specialist from Stockholm University. She is currently President and CEO of Apoteket AB (publ) and has depth and breadth of experience in the Swedish food retail industry. Ann Carlsson has held numerous executive positions with ICA, where she served as a director of various Business Areas and was business manager for ICA Kvantum and ICA Nära. She is director on the boards of Cloetta AB (publ) and Martin & Servera Aktiebolag, and a member of the SNS (the Centre for Business and Policy Studies) Board of Trustees.

Board member Annika Åhnberg has declined re-election.

Point 16 – Guidelines for appointment of the Nominating Committee, etc.

The Nominating Committee proposes that the Annual General Meeting adopt the following guidelines for appointment of the Nominating Committee, etc. The proposal corresponds to the guidelines adopted by the 2014 Annual General Meeting.

The shareholder who, based on ownership statistics compiled by Euroclear Sweden AB as per the last business day in August 2015, owns the most shares and votes in the Company shall, after consulting with the three subsequently largest shareholders, appoint a nominating committee consisting of five persons. The Nominating Committee's composition shall be publicly announced not later than in connection with publication of the third quarter interim report for 2015.

The Nominating Committee is tasked with submitting recommendations for the following matters ahead of the Annual General Meeting:

- The number of directors and deputy directors, and where applicable, auditors and deputy auditors
- Directors' and auditor's fees, and any special fees for committee work
- Directors and, where applicable, auditors
- Chairman of the Board
- A chairman to preside over the Annual General Meeting
- Guidelines for appointment of the Nominating Committee, etc.

The Nominating Committee appoints a committee chair from among its members. The Nominating Committee's mandate period applies until a new nominating committee has been appointed. If a member of the Nominating Committee leaves the Committee before its work has been completed, or if a significant change takes place in the ownership structure after the Nominating Committee has been constituted, a replacement shall be appointed through such a procedure in which the departing member was appointed. Changes in the Nominating Committee's composition shall be publicly announced on the Company's website. The Nominating Committee's recommendations shall be publicly announced in conjunction with publication of the Notice of the Annual General Meeting.

In connection with its assignment in general, the Nominating Committee shall fulfil the duties which, according to the Swedish Corporate Governance Code, are incumbent upon the Company's nomination process, and at the request of the Committee, the Company shall provide personnel resources, such as a secretarial function for the Committee, to assist the Committee's work. Where needed, the Company shall also agree to bear reasonable costs for external consultants who are deemed by the Committee to be necessary for the Committee to fulfil its assignment.

Point 17 – Guidelines for compensation of senior executives

The Board proposes that the Annual General Meeting adopt the following guidelines for compensation of senior executives. The proposal corresponds to the guidelines that were adopted by the 2014 Annual General Meeting.

Axfood shall offer compensation in line with the going rate in the market that is based on factors such as the importance of the individuals' work duties as well as their competence, experience and performance, and the compensation shall consist of the following components:

- Fixed based salary
- Short-term variable compensation
- Long-term variable compensation
- Retirement benefits

- Other benefits
- Severance terms

Drafting of compensation matters is conducted as follows. The level of compensation shall be set by a special compensation committee established within the Board. However, the CEO's compensation and other terms of employment are set by the Board in its entirety. At the start of the year, the Compensation Committee sets the targets for the outcomes for variable salary (for the CEO, these are set by the Board). In addition, the Compensation Committee sets the retirement benefits for the members of the Executive Committee, with the exception of the CEO, for whom the Compensation Committee only makes a recommendation to the Board for adoption.

The Executive Committee currently consists of eleven persons including the CEO.

Fixed base salary

The members of the Executive Committee shall be paid a base salary in the form of a fixed, cash monthly salary that is attractive compared with the going rate in the market. This fixed base salary constitutes compensation for a committed work contribution at a high professional level that creates value-added for Axfood's customers, owners and employees.

Variable compensation

In addition to their base salary, the members of the Executive Committee shall be offered short-term and long-term variable compensation, both of which are based on the achievement of Axfood's targets for:

- earnings,
- sales growth, and
- personal objectives for the financial year.

Short-term variable compensation shall be paid in the form of annual, variable compensation. Long-term variable compensation shall support the long-term objectives of the Executive Committee's decision-making.

The variable compensation (the sum of short- and long-term compensation) shall have a cap as follows:

- 70% of the base salary paid out during the year for the CEO, and
- 40%-55% of the base salary paid out during the year for the other members of the Executive Committee.

The sum of the variable compensation for the CEO and the other current members of the Executive Committee can amount to a maximum of approximately SEK 15.9 m. In the event the Executive Committee increases in number, the level of variable salary may exceed this amount. The right to variable salary is forfeited in the event the executive gives notice prior to payment.

Retirement benefits

Axfood applies a retirement age of 65 for members of the Executive Committee.

For the CEO and one other member of the Executive Committee, a provision is made and funding is secured through insurance premiums, respectively, in an amount equivalent to 35% of their annual base salary. For other members of the Executive Committee, the basic retirement benefit consists of the so-called ITP plan. As a supplement to this is a defined contribution pension corresponding to 25% of salary amounts between 30 and 50 times the Base Amount, which is funded through insurance; for this part, however, one member of the Executive Committee has a solution corresponding to ITP, department 1. Older pension agreements are adapted as far as possible to the plan outlined above.

Other benefits and severance pay

In cases where the Company serves notice, a notice period of a maximum of 12 months is applied. In addition, severance pay may be payable for a maximum of 12 months. For the CEO and all other members of the Executive Committee, deduction shall be made for other earned income during the time termination pay or severance pay is received. A notice period of six months applies in the event an executive gives notice.

The members of Axfood's Executive Committee receive – in addition to liability insurance – customary benefits for persons in corresponding positions, such as a company car benefit and health insurance, and in certain cases also a travel benefit and housing benefit.

Information on previously decided compensation

Previous Annual General Meetings have adopted guidelines for compensation of members of the Executive Committee for the time extending up until the 2015 Annual General Meeting. In addition to base salary, variable salary was to be payable that was tied to Axfood's targets for earnings and sales growth as well as the achievement of personal objectives. In accordance with the adopted principles, a certain portion of this variable compensation has been withheld until the 2015 Annual General Meeting. However, the amounts have been expensed in the respective financial years. Withheld variable compensation for previous years will be paid out after the 2015 Annual General Meeting. All previously decided compensation that has not yet been paid out is within the framework described above.

The guidelines adopted by the 2014 Annual General Meeting have been adhered to.

The Board's authorization

The Board is authorized to depart from these guidelines if there are special reasons for doing so in an individual case.

Point 18 – Employee purchases of shares in subsidiaries

The Board proposes that the Annual General Meeting resolve to adopt the following proposal concerning the opportunity for employees to purchase shares in subsidiaries.

Purpose and background

The Axfood Group operates 259 food retail stores in Sweden, of which 68 are Hemköp stores in the wholly owned subsidiary Hemköpskedjan AB. In addition to these are 111 Hemköp stores that are run by independent franchisees. The franchise concept has a central role in the Axfood Group's business. It is therefore important that the Axfood Group's franchisees have a high level of personal involvement in running their businesses efficiently and profitably in well run stores. In this way, the franchisees' interests are aligned with the Axfood Group's interest in strengthening the Group's brands in the food retail market. It is also important that franchisees are persons who are judged to be capable of running the business in accordance with the Axfood Group's business concept. If the Axfood Group is given the right to designate employees at existing Hemköp stores as future franchisees, favourable conditions are created for the Axfood Group to achieve these objectives. At the same time, this promotes long-term value creation and profit growth in the Axfood Group in that the Group can attract, retain and motivate suitable store managers, and develop and defend key store locations.

Proposal

Against this background, the Board proposes that the Annual General Meeting resolve that employees of the Axfood Group be given the opportunity to purchase shares in store companies in Hemköpskedjan. The employees who shall have the right to purchase shares are store managers (presidents) of store companies that are run and/or established within Hemköpskedjan.

The proposal covers a maximum of ten Hemköp stores with estimated, combined annual sales of approximately SEK 500-600 m. By comparison, the Axfood Group had sales of SEK 38 bn in 2014.

The proposal entails that Hemköpskedjan AB initially transfers the operations of a pertinent store to a newly formed and wholly owned stock company (i.e., incorporates the business). The store manager of one of the above-mentioned ten Hemköp stores thereafter, as a first step, purchases a maximum of nine per cent (9%) of the shares in the store company, plus an irrevocable call option (step 1). The call option gives the store manager the right, but not an obligation, within a certain period of time – not to exceed five years – to purchase the rest of the shares in the store company, except for one (1) share to be retained by the Axfood Group. Exercise of the option to purchase the rest of the shares (step 2) requires that the store manager, during this time, has acted in accordance with the corresponding requirements that apply for Hemköpskedjan's franchise concept.

The share purchases shall be made at fair market value. Payment shall be made in cash. Step 1 shall be carried out before the 2016 Annual General Meeting of Axfood Aktiebolag (publ).

Fairness Opinion

The Board has obtained a Fairness Opinion from Deloitte AB on the proposed programme from a financial standpoint. Deloitte's opinion is that the valuation methodology of the proposed programme is fair for the Company's shareholders from a financial standpoint as per the date of issue of the Fairness Opinion.

Other

The proposed resolution has been prepared by the Board in its entirety. The Board believes that only administrative costs (pertaining to the Fairness Opinion and continuing consulting) will arise for the Axfood Group in connection with the programme.

The 2014 Annual General Meeting voted in favour of a corresponding resolution to transfer shares to employees of subsidiaries. Up until the date of this AGM notice, five store managers had purchased shares in their store companies.

If this proposal is adopted by the Annual General Meeting, it is the Board's intention to return with similar proposals at future Annual General Meetings of the Company.

Point 19 – Amendments to the Articles of Association

The Board of Directors proposes that the Annual General Meeting resolve to amend the Articles of Association regarding the limits to the permitted number of shares in order to be able to carry out the stock split that has been proposed in point 20, and in connection with this to make an editorial change to the second paragraph of § 8 pertaining to the time of notification (the first and third paragraphs of § 8 to be left unchanged). The proposal entails that § 5 and § 8 of the Articles of Association be amended as follows:

<u>§ 5 – Current wording:</u>	<u>§ 5 – Proposed wording:</u>
The number of shares shall amount to not less than 20 million and not more than 80 million.	The number of shares shall amount to not less than 80 million and not more than 320 million.
<u>§ 8 second paragraph – Current wording:</u>	<u>§ 8 second paragraph – Proposed wording:</u>
To be able to vote at general meetings, shareholders must be listed on the printout of the entire register of shareholders pertaining to the conditions ten days prior to the meeting and must notify the Company of their intention to attend the meeting by not later than 4 p.m. on the date indicated in the summons to the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer eve, Christmas eve or New Year's eve, and may not fall earlier than the	To be able to vote at general meetings, shareholders must be listed on the printout of the entire register of shareholders pertaining to the conditions ten days prior to the meeting and must notify the Company of their intention to attend the meeting by not later than the date indicated in the summons to the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer eve, Christmas eve or New Year's eve, and may not fall earlier than the fifth weekday

fifth weekday before the meeting.	before the meeting.
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A resolution to amend the Articles of Association in accordance with this point 19 is conditional upon a resolution by the Annual General Meeting in favour of the Board's proposal on a stock split in accordance with point 20.

Point 20 – Stock split

The Board of Directors proposes that the Annual General Meeting resolve in favour of a split of shares in the Company, so that every current existing share be split into four shares (4:1). Following the completed split, the number of shares in the Company will be 209,870,712. The share capital will remain unchanged.

The record date at Euroclear Sweden AB for execution of the stock split will be 20 April 2015.

The Board of Directors also proposes that the Board, or the party authorized by the Board, shall have the right to make any minor, necessary changes in the resolution that may prove to be necessary in connection with registration of the resolution with the Swedish Companies Registration Office or Euroclear.

A resolution on the stock split in accordance with this point 20 requires that the limits for permitted number of shares as stipulated in the Articles of Association be amended, and the resolution on the stock split is therefore conditional upon the Annual General Meeting also resolving in favour of the Board's proposal to amend the Articles of Association in accordance with point 19.

Majority rules

A resolution by the Annual General Meeting in favour of the Board's proposal in accordance with point 18 requires that it has the support of shareholders representing at least nine-tenths of the number of votes and shares represented at the Annual General Meeting. A resolution in favour of the Board's proposal in accordance with point 19 requires that it has the support of shareholders representing at least two-thirds of the number of votes and shares represented at the Annual General Meeting.

Shares and votes

On the day this notice was issued, the Company had a total of 52,467,678 shares in issue with one vote each.

Documents

The Nominating Committee's proposals are complete as rendered in this notice. The Nominating Committee's reasoned statement regarding its recommendation for the Board of Directors, and information about the nominated directors on the persons nominated to serve as directors, etc., are available at the Company's head offices at Norra Stationsgatan 80 C, Stockholm, and on the Company's website, www.axfood.se.

The Annual Report and audit report will be available at the Company's head offices and on the Company's website, at the addresses provided above, as from 23 February 2015. The same applies for the auditor's statement on the guidelines for compensation of senior executives, which were adopted by the 2014 Annual General Meeting.

The Board's proposals are complete as rendered in this notice. The Board's statement on disposition of profit is included in the Annual Report. The Fairness Opinion as laid out in point 18 is available at Axfood's head offices and on the Company's website, at the addresses provided above. The same applies for the Articles of Association in their entirety after the proposed amendments according to point 19.

All of the documents referred to above will be sent upon request to shareholders who provide their postal address. All of the documents will also be available at the Annual General Meeting.

As a service to the shareholders, this notice will be sent to all shareholders in conjunction with its publication at the address of the shareholder recorded in the shareholder register. This send-out will take place in conjunction with publication of the notice to attend the Annual General Meeting.

A printed copy of the Annual Report will be sent to shareholders upon request approximately one week before the Annual General Meeting.

Disclosures at the Annual General Meeting

The Board of Directors and President shall, if requested by any shareholder and if the Board is of the opinion that it can be done without causing material harm to the Company, provide disclosures about conditions that may impact assessment of an item of business on the agenda, about conditions that may impact assessment of the Company's or a subsidiary's financial situation, and about the Company's relationship with another Group company.

Stockholm, February 2015

Axfood Aktiebolag (publ)

The Board of Directors