



## PRESS RELEASE

### PROPOSAL TO ISSUE CONVERTIBLE DEBENTURE LOAN TO EMPLOYEES

The Board of Directors of Karlshamns AB has decided to propose to the Annual General Shareholders meeting, scheduled for 24 April 2002, to issue a convertible debenture loan. Those invited to subscribe are all employees of the Karlshamns Group (in Sweden, the United Kingdom and in the Netherlands), thus with deviation from the preferential rights of registered shareholders (employees in the UK and the Netherlands will be invited to subscribe on the condition that the Board deems such subscription to be possible to carry through without unreasonable administrative and financial consequences).

The main conditions for the convertible debenture loan, according to the Board's proposal, are as follows:

- The loan will amount to a maximum SEK 150 million, running from 3 July 2002 to 20 July 2007. The loan may be converted to shares in the period from 10 May 2005 to 10 May 2007. The loan will carry an annual interest corresponding to STIBOR (Stockholm Interbank Offered Rate) less 0.5 percentages.
- One block of debt instruments will correspond to a maximum value of SEK 5,000. Each employee will have the right to subscribe for minimum one, maximum 30 blocks, with a guaranteed allocation of 13 blocks. The President, certain senior executives and other key employees will have the right to subscribe for a larger number of blocks.
- The conversion rate will be fixed at approximately 120 - 130 per cent of the average price paid for the Karlshamns share according to the Stockholm Stock Exchange register on each trading day in the period 6 May 2002 to 21 May 2002.
- The dilution effect at full subscription, with the already outstanding option rights (issued in 1999) taken into account, would be a maximum 5.0 per cent of the total number of shares and votes.

More detailed information will be provided in the AGM invitation, to be published on 22 March 2002.

Karlshamn, 19 March 2002.

THE BOARD OF DIRECTORS

*For further information, please contact CFO Stefan Sjölin, phone +46 – 454 826 01*