

Performance share programme for senior managers and key employees

Brief overview

The Board of Directors of AB SKF proposes that a decision be taken at the Annual General Meeting 2008 on the introduction of a Performance Share Programme 2008 for up to 310 senior managers and key employees in the SKF Group. Under the programme a maximum of 1,000,000 SKF class B shares can, free of charge, be allocated. The number of shares that may be allotted must be related to the degree of achievement of financial targets defined by the Board in accordance with the Group's TVA management model and must pertain to the period commencing 2008 up to and including 2010.

For the time being the Board of Directors does not propose to take any action to hedge any SKF's obligations under the Performance Share Programme 2008. Delivery of shares under the programme shall not take place until 2011.

For details, see the Board of Directors' complete proposal.

Estimated costs

Assuming maximum allocation under the Performance Share Programme 2008 and a share price of SEK 115, the cost, including social security cost, is estimated at approximately MSEK 138. On the basis of a share price of SEK 175, the cost, including social security cost, is estimated at approximately MSEK 210. In addition the administrative costs are estimated at approximately MSEK 3.
