

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aktiebolaget SKF will be held at SKF Kristinedal, Byfogdegatan 4, Göteborg, Sweden, at 3.30 p.m. on Tuesday April 19, 2005.

Annual General Meeting

For the right to participate at the meeting, shareholders must be recorded in the shareholders' register kept by VPC AB by Friday April 8, 2005 and must notify the company before 12 noon on Wednesday April 13, 2005 by letter to AB SKF, Group Legal, SE-415 50 Göteborg, Sweden, or by fax +46 31 337 16 91, or via the company's website www.skf.com, or by phone +46 31 337 25 50. When notifying the company, preferably in writing, this should include details of name, address, telephone number, registered shareholding and advisors, if any. Where representation is being made by proxy, the original of the proxy form shall be sent to the company before the date of the meeting. Shareholders whose shares are registered in the name of a trustee must have the shares registered temporarily in their own name in order to take part in the meeting. Any such re-registration for the purpose of establishing voting rights shall take place by Friday April 8, 2005. This means that the shareholder should give notice of his/her wish to be included in the shareholders' register to the trustee in plenty of time before that date. A re-registration fee will normally be payable to the trustee.

Agenda

1. Opening of the Annual General Meeting.
2. Election of a chairman for the meeting.
3. Drawing up and approval of the voting list.
4. Approval of agenda.
5. Election of persons to verify the minutes.
6. Consideration of whether the meeting has been duly convened.
7. Presentation of annual report and audit report as well as consolidated accounts and audit report for the Group including a report on the activities of the Board of Directors and Board committees and principles for remuneration of the executive management.
8. Address by the President.
9. Matter of adoption of the income statement and balance sheet and consolidated income statement and consolidated balance sheet.
10. Resolution regarding distribution of profits.
11. Matter of discharge of the Board members and the President from liability.
12. Determination of number of Board members and deputy members.
13. Determination of fee for the Board of Directors.
14. Election of Board members and deputy Board members.

15. Determination of number of auditors and deputy auditors.
16. Determination of fee for the auditors.
17. Election of auditors and deputy auditors.
18. The Board of Directors' proposal for a resolution on a redemption procedure including (a) amendment of the articles of association, (b) reduction of the share capital through redemption of shares of Series A and Series B, (c) new issue of shares of Series C, and (d) reduction of the share capital through redemption of shares of Series C and transfer of funds to the legal reserve, etc.
19. Resolution regarding nomination committee.

Proposal under item 10

The Board of Directors proposes a dividend for the financial year 2004 of SEK 12.00 per share. It is proposed that shareholders with holdings recorded on Friday April 22, 2005 be entitled to receive the said dividend. Subject to resolution by the Annual General Meeting in accordance with this proposal, it is expected that VPC will distribute the dividend on Wednesday April 27, 2005.

Proposals under items 2, 12, 13, 14, 15, 16 and 17

Regarding election of chairman of the Annual General Meeting, the number of Board members, fees for the Board of Directors, election of Board members, the number of auditors and deputy auditors, fees for the auditors and election of auditors, the Knut and Alice Wallenberg Foundation, Alecta, Skandia Liv and Robur, shareholders who together represent around 40% of the votes of the total number of company shares, have informed the company that they propose

- that Anders Scharp is elected as chairman of the Annual General Meeting;
- that the Board of Directors shall consist of eight members and no deputy members;
- that the Board of Directors for the period up to the end of next annual general meeting, receive a fee according to the following:

- a) firm allotment of SEK 2,350,000, to be distributed with SEK 700,000 to the Chairman of the Board and with SEK 275,000 to each of the other Board members elected by the Annual General Meeting and not employed by the company;
- b) a variable allotment corresponding to the value, calculated as below, of 800 company shares of series B to be received by the Chairman, and 300 shares of series B to be received by each of the other Board members, both numbers stated before execution of the split; and
- c) an allotment for committee work of SEK 300,000 to be divided among the Board members who are part of a committee established by the Board of Directors.

A prerequisite for obtaining an allotment is that the Board member is elected by the Annual General Meeting and not employed by the company.

When deciding upon the variable allotment, the value of a share of series B shall be determined at the average latest payment rate according to the quotations on the Stockholm Stock Exchange during the five trading days after publication of the company's press release for the financial year 2005.

- re-election of Board members Anders Scharp, Sören Gyll, Vito H Baumgartner, Ulla Litzén, Clas Åke Hedström, Tom Johnstone and Winie Kin Wah Fok. Leif Östling to be newly elected. Philip Green has declined re-election;
- that an auditor with no deputy auditor is elected for the period up to the end of the general meeting according to Chapter 9, Section 7 first paragraph of the Companies Act which is held during the financial year 2009;
- that the accounting firm KPMG is elected as auditor elected for the period up to the end of the general meeting according to Chapter 9, Section 7 first paragraph of the Companies Act which is held during the financial year 2009; and
- that the auditor is paid for work performed as invoiced.

Proposal under item 18

The Board of Directors' proposal for a resolution on a redemption procedure including (a) amendment of the articles of association, (b) reduction of the share capital through redemption of shares of Series A and Series B, (c) new issue of shares of Series C, and (d) reduction of the share capital through redemption of shares of Series C and transfer of funds to the legal reserve, etc.

The Knut and Alice Wallenberg Foundation, Alecta, Skandia Liv and Robur, shareholders who together represent around 40% of the votes of the total number of company shares have informed the company that they support the Board's proposal for a resolution on a redemption procedure.

Background

The Board of Directors has evaluated the company's financial position and based on the performance and outlook reached the conclusion that the company is presently overcapitalized. For this reason, the Board of Directors proposes a redemption procedure under which the shareholders, following a so-called split 5:1, receive four new shares with a nominal value of SEK 2.50 per share and a share, which will be redeemed for SEK 25 per share, to the effect that a total of SEK 2,845,944,175 will be distributed to the shareholders. In view hereof, the Board of Directors proposes that the Annual General Meeting resolves in accordance with the following proposals.

(a) Amendment of the articles of association

The Board of Directors proposes that the wording of the articles of association be amended, to the principal effect that

- The nominal value of the share be changed from SEK 12.50 to SEK 2.50 (§ 5)

- the permitted range of the share capital be reduced from minimum SEK 1,350,000,000 – maximum SEK 5,400,000,000 to minimum SEK 1,100,000,000 – maximum SEK 4,400,000,000 (§ 4)
- the number of shares that may be issued of Series A and Series B, respectively, be changed to maximum 1,760,000,000 shares of each series (§ 6)
- a new series of shares, Series C, be introduced whereby a maximum of 113,837,767 shares of Series C may be issued. Shares of Series C shall entitle to one-tenth of a vote per share, carry no rights to dividends and are subject to redemption at the request of holders of shares of Series C, the company's Board of Directors or a General Meeting of Shareholders. At redemption, the redemption price shall be the nominal value of the share adjusted as per the day of redemption with an interest rate corresponding to STIBOR 30 days plus 0.05 percentage units (§ 6).

(b) Reduction of the share capital by redemption of shares of Series A and Series B, respectively

The Board of Directors proposes that the Annual General Meeting resolves that the company's share capital shall be reduced by SEK 284,594,417.50 (the reduction amount) through redemption of 113,837,767 shares. The purpose of the reduction is repayment to the shareholders. For each redeemed share SEK 25 will be paid, of which SEK 2.50 constitutes the nominal value of the share. Payment will be made of in total SEK 2,845,944,175.

(c) New issue of shares of Series C

The Board of Directors also proposes that the Annual General Meeting resolves to increase the company's share capital by SEK 284,594,417.50 through an issue of 113.837.767 new shares of Series C, each share with a nominal value of SEK 2.50. Svenska Handelsbanken AB (the "Bank") shall subscribe for the new shares with deviation from the shareholders' preferential rights. Subscription for the new shares shall be made on a subscription list not later than on 30 May 2005 and payment of SEK 2.50 per share shall be made in cash for the subscribed shares simultaneously with subscription. The new shares are subject to the articles of association's reservation on reduction in accordance with Chapter 6, Section 8 of the Companies Act. It is also proposed that the new shares shall not carry any rights to dividends.

As concerns the reason for deviation from the shareholders' preferential rights and the basis for calculation of the subscription price, the following is stated. The resolution on redemption of shares of Series A and Series B may be carried into effect without the delay of obtaining a court approval, if, at the same time, an amount equal to the reduction amount is contributed to the company by way of an issue of new shares. The Bank has undertaken to subscribe for and redeem the shares in accordance with Section (d) below. The subscription price has been determined in agreement with the Bank.

(d) Reduction of the share capital by redemption of shares of Series C and transfer to the legal reserve

The Board of Directors proposes that the Annual General Meeting resolves that the company's share capital shall be reduced by SEK 284,594,417.50 (the reduction amount) by way of redemption of all 113,837,767 shares of Series C and that an amount corresponding to the reduction amount be transferred to the legal reserve. The purpose of the reduction is repayment to the shareholder. For the purpose of transfer to the legal reserve of an amount corresponding to the reduction amount, funds from the company's non-restricted equity will be used. The redemption shall be effected as soon as possible following registration of the issue of new shares of Series C in accordance with Section (c) above.

A redemption price shall be paid for each redeemed share in the amount of SEK 2.50 adjusted as per the day of redemption by an interest rate of STIBOR 30 days plus 0.05 percentage units, calculated from the day of payment of the subscription price for the shares of Series C.

The resolutions by the Annual General Meeting in accordance with item 18 (a) – (d) above shall be made jointly, as one resolution. In order for a resolution by the Annual General Meeting to be valid, the resolution must be supported by shareholders holding at least two-thirds of the votes cast as well as the shares represented at the Annual General Meeting.

The entire Board of Directors' proposal according to item 18 of the agenda is available at the company – AB SKF and at the group's web site, www.skf.com – and will be sent to shareholders at request. An information brochure "Information to shareholders concerning the proposed split and redemption of shares in AB SKF" will be distributed to shareholders who on March 10, 2005 are recorded in the shareholders' register kept by VPC AB or whose shares are registered in the name of a trustee in Sweden.

Proposal under item 19

The Knut and Alice Wallenberg Foundation, Alecta, Skandia Liv and Robur, shareholders who together represent around 40% of the votes of the total number of company shares, have informed the company that they will propose the Annual General Meeting to resolve

1) that the company shall have a nomination committee formed by one representative of each one of the four major shareholders with regard to the number of votes held as well as the chairman of the Board of Directors. When constituting the nomination committee, the shareholdings in September 2005 will determine which shareholders are the largest with regard to the number of votes held. The names of the four shareholder representatives will be published as soon as they have been elected, however not later than six months before the Annual General Meeting in 2006;

2) in the event that the shareholder the member represents would largely reduce its shareholding in the company, such a member may resign and a representative of the shareholder next in turn size-wise with regard to the number of votes held be offered the opportunity of being elected in his/her place;

and in the event that a shareholder representative no longer represents the shareholder, the shareholder is asked to elect a new representative to become a member of the nomination committee;

3) that the nomination committee is to furnish proposals in the following matters to be presented to, and resolved by, the Annual General Meeting in 2006:

- a) proposal for chairman of the Annual General Meeting
- b) proposal for Board of Directors
- c) proposal for chairman of the Board of Directors
- d) proposal for fee to the Board of Directors
- e) proposal for fee to the auditors
- f) proposal for a nomination committee facing the Annual General Meeting of 2007; and

4) that the nomination committee, when performing its duties, will fulfill the tasks that rest upon the nomination committee under the Swedish code on corporate governance, among other things to supply the company with certain information in order to enable the company to fulfill its information obligation under the code.

Göteborg, March 2005
Aktiebolaget SKF
(publ)

Board of Directors

Web-based financial report

SKF's web-based financial report, including sustainability report in Swedish, is available on the internet from 10 March at: <http://investors.skf.com/2004E/>.