

Summary of proposed SKF's Performance Share Programme 2009

This is a summary of the Board's proposed decision on a performance share programme for senior managers and key employees of the SKF Group. For full details on the proposed programme, please see the complete Board proposal.

SKF's Performance Share Programme 2009

The Board proposes, in order to continue to link the interests of the participants and the shareholders, that a decision be taken at the Annual General Meeting on SKF's Performance Share Programme 2009. The terms and conditions of the proposed programme are in essence the same as the terms and conditions of SKF's Performance Share Programme 2008.

- The programme is proposed to cover not more than 310 senior managers and key employees in the SKF Group with an opportunity to be allotted, free of charge, SKF class B shares.
- 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 2009 up to and including 2011.

TVA is a simplified economic value added model, which promotes improved margins, capital reduction and profitable growth. TVA is the operating result, less the pre-tax cost of capital in the country in which the business is conducted.

The TVA result development for the Group correlates well with the trend of the share price over a longer period of time. This means that if the TVA targets set by the Board are achieved and shares are allocated according to the programme, the shareholders will most likely have benefited from a positive share price development. The program does not give any openings to allocate shares without delivering a good performance.

- Under the programme, not more than 1,000,000 SKF class B shares may be allotted. The participants in the programme may receive not more than the following number of shares within the various key groups:
 - CEO and President – 20,000 shares
 - Division Presidents and Executive Vice President – 10,000 shares
 - Other members of Group Management – 7,000 shares
 - Managers of large business units and other senior managers – 2,500 - 3,600 shares

- The participants shall not provide any remuneration for their rights under the programme, and shall receive compensation for cash dividend during the three year calculation period.
- The company has 455,351,068 shares as per 31 January 2009. In order to comply with the obligations of SKF's Performance Share Programme 2009, a maximum number of 1,000,000 class B shares are required corresponding to approximately 0.2 per cent of the total number of outstanding shares.
- Assuming maximum allocation under the Performance Share Programme 2009 and a share price of SEK 75, the cost, including social security cost, is estimated at approximately SEK 90 million. On the basis of a share price of SEK 135, the cost, including social security cost, is estimated at approximately SEK 162 million. In addition the administrative costs are estimated at approximately SEK 3 million.
- The Board does not for the time being propose to take any action to hedge SKF's obligations under the programme.
- Delivery of shares under the programme shall not take place until 2012.
