

Minutes from the Annual General Meeting with the shareholders in **Alfa Laval AB (publ)**, reg. no 556587-8054 at 16.00 – 17.30 hrs on April 28, 2014 in Lund

Present Shareholders:

Shareholders with votes according to Exhibit 1.

§1 Opening of the Annual General Meeting.

The Meeting was opened by the Chairman of the Board of Directors, **Anders Narvinger**.

§2 Election of a Chairman for the Meeting.

The Chairman of the Board of Directors, **Anders Narvinger**, was appointed Chairman of the Annual General Meeting, after having been proposed by **Lars Åke Bokenberger**, representing AMF and the Nomination Committee. The **Chairman** appointed the secretary of the Board, General Counsel **Mikael Wahlgren**, to keep the minutes of the Meeting.

The Meeting approved that representatives of media and invited guests should be allowed to participate in the Meeting as audience (see Exhibit 2).

A minority, representing 2,165,431 (0.82%) votes, of the votes that were registered, abstained from voting concerning this proposal.

Mikael Wahlgren requested shareholders who would not give their consent, pursuant to the Personal Data Act (SFS 1998:204), to their personal data being noted in the minutes and to the publication of the minutes on the Company's website, to announce to the Meeting such opinion in connection with their respective address.

Krister Eurén, representing Sveriges Aktiesparares Riksförbund och Aktiespararna Topp Sverige, expressed that Aktiespararna had valued the well-written minutes from the Annual General Meeting 2013.

§3 Preparation and approval of the voting register.

Mikael Wahlgren presented the requirements, according to law and the Articles of Association, for a shareholder to be registered in the preliminary voting list. Thereafter he presented the list of shareholders who had given notice of attendance to the Meeting and who had been registered as present, whereupon the adjusted voting list was presented.

The Meeting approved the adjusted list of shareholders who had given notice of their attendance and who also had appeared at the Meeting, according to Exhibit 1, as voting list at the Meeting. It was noted that the total number of votes represented at the Meeting was 262,563,572 votes constituting approximately 62.6% of the total number of votes in the Company. In total, 411 persons attended the Meeting, including representatives, assistants, guests and functionaries.

A minority, representing 2,165,431 (0.82%) votes, of the votes that were registered, abstained from voting concerning this proposal.

§4 Approval of the agenda for the Meeting.

The Meeting adopted the agenda proposed in the convening notice as agenda for the Meeting.

A minority, representing 2,165,431 (0.82%) votes, of the votes that were registered, abstained from voting concerning this proposal.

§5 Election of one or two persons to attest the minutes.

The Meeting resolved that the minutes were to be attested, in addition to the Chairman, by **Annika Boström** (Advokatfirman Glimstedt representing a number of institutional shareholders) and **Krister Eurén** (Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige).

A minority, representing 2,165,431 (0.82%) votes, of the votes that were registered, abstained from voting concerning this proposal.

§6 Determination whether the Meeting has been duly convened.

Mikael Wahlgren announced that the notice convening today's Meeting, in accordance with the provisions of the Articles of Association, was announced on the Company's website on March 24, 2014, and in the Swedish Official Gazette (*Swedish*: "Post- och Inrikes Tidningar") and Dagens Nyheter on March 26, 2014. The Meeting established that it had been duly convened.

A minority, representing 2,165,431 (0.82%) votes, of the votes that were registered, abstained from voting concerning this proposal.

§7 Statement by the Managing Director.

The Managing Director (MD) of the Company, **Lars Renström**, reported on the financial year 2013, presented some of the Company's new products and informed about the current development in the group during the first quarter 2014. **Lars Renström** also thanked all employees for good performance during 2013.

The participants of the Meeting were, thereafter, given the opportunity to put forward their questions, during which the following questions were addressed:

Christina Lundberg Markow, representing Folksam and KPA, emphasized their focus on sustainability questions, including equal opportunities for women and men, and enquired on the Company's strategy to stimulate and benefit from the advantages that may come with employees from diverse backgrounds and from equality of opportunity, whereupon the **MD** answered that there is a continuously strong focus on questions relating to equality of opportunity within the Company. He mentioned as an example the Company's "Impact program" targeting women within the Company deemed to have potential to become senior management. Of previous participants in this program, 80% have been promoted within the group in two years from leaving the program. For younger female employees there is also a program called "Challenger" which targets junior female and male employees with high potential. The aim is to increase the share of women holding senior positions from today's 16% to 19%, which is equal to the total share of women within the group at the moment.

Krister Eurén, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, enquired why, as he has understood it, there has not been such a strong focus in the past on service operations as there is now, whereupon the **MD** answered that, in spite of the Company's efforts within Service operations during later years there is a significant potential in offering services relating to installation of equipment. Further, a significant number of the customers have stopped to perform service on their own and are instead buying such services externally, which opens up new opportunities for the Company.

Jan Andersson, representing Swedbank Robur fonder, enquired how the Company is handling the risks and challenges associated with a stronger presence in the Myanmar/Burma market, whereupon the **MD** answered that up until about a year and a half ago it was not allowable within the Company to do business with Myanmar/Burma. With the lifting of previous sanctions this market offers new business opportunities that the Company must relate to. In order to handle such potential business opportunities correctly, all business involving Myanmar/Burma must be approved by the Company's Commercial Ethics Council (presided by the MD), safeguarding that all such business is conducted correctly and in accordance with the right conditions.

§8 Report on the work of the Board of Directors and the Committee of the Board of Directors.

The Chairman of the Board of Directors, **Anders Narvinger**, reported on the work of the Board of Directors and the work of the Remuneration Committee of the Board. **Finn Rausing**, Chairman of the Board's Audit Committee, reported on the work in the Audit Committee.

§9 Presentation of the annual report and the Auditors' report, as well as the consolidated annual report and the Auditors' report for the group, and the Auditors' report regarding compliance with the guidelines for compensation to senior management adopted at the 2013 Annual General Meeting.

The annual report and the Auditors' report for the Company and the consolidated annual report as well as the Auditors' report on the consolidated annual report for the financial year January 1 – December 31, 2013, were presented. It was noted that the annual report and the Auditors' report for the Company as well as the consolidated annual report and the Auditors' report for the group had been available at the offices of the Company and on its website since April 4, 2014 and that copies had been sent to shareholders who had requested this and informed about their postal address and that copies of the printed annual report were available in the registration area for the Annual General Meeting. The Meeting resolved that the annual report for the Company as well as the consolidated annual report had been duly presented.

Staffan Landén, representing the Company's Auditors, described the main contents of the Auditors' report.

The Meeting concluded that the Auditors' report for the Company and the Auditors' report for the group for the financial year January 1 – December 31, 2013 had been duly presented.

Staffan Landén also presented the Auditors' report, in accordance with Chapter 8 Section 54 of the Swedish Companies Act, regarding compliance with the guidelines for compensation to senior management adopted by the Annual General Meeting 2013, Exhibit 3, after which the Meeting established that this report had been duly presented.

The Chairman also informed the Meeting that the below mentioned statements and decision materials had been available to the shareholders for three weeks prior to the Meeting and had been distributed at the Meeting. The documents in question are:

- Statement by the Board of Directors concerning the proposed dividend,
- The Board of Directors' complete proposal for a resolution on guidelines for compensation to senior management, and
- The Nomination Committee's complete proposal for a resolution on guidelines for the election of Nomination Committee.

The Meeting concluded that the above mentioned documents had been duly presented.

Krister Eurén, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, pointed out that Aktiespararna for a number of years has raised the question on the accounting of the Company's "goodwill".

He was of the view that the “goodwill” in the annual accounts stated at SEK 10.1 bn, is a significant and for each year increasing amount following the acquisitions. The current IFRS regulations do not prescribe write-down of “goodwill”. According to Aktiespararna, the core of the problem is how the “goodwill item” is valued. Since in Aktiespararna’s view, the Company is not sufficiently transparent when it comes to the accounting of the “goodwill item” he enquired:

- a) What present value the Company had reached in its calculations?
- b) How high discount rate that would be required for a write-down to be necessary?
- c) If the present general level of interest rates change with 1 percentage point, how much will that affect the present value of the Company’s “goodwill”?

He also expressed a wish that the Company, going forward, shall disclose the sensitivity analysis that are carried out in connection with the calculation of the present value of the “goodwill values”, whereupon the **MD** thanked him for the comments which will be considered when preparing the next annual accounts. The Company’s **CFO**, Thomas Thuresson, thereafter described how the Company is handling the difference between the acquisition price for acquired businesses and the acquired net assets. At the beginning of 2013 the group had allocated SEK 3.9 bn to depreciable assets, relating to acquired businesses. The group made write-downs of SEK 561 m on such values during 2013. He explained further that the discount rate, in connection with a test on write-down requirements, had been increased to 8.96% for 2013, to be compared with 7.36% for 2012. In spite of the considerably higher discount rate there is a significant difference between discounted future cash flow and the group’s assets. He was of the view that further details on the calculations would result in the group disclosing public forecasts reaching many years into the future, something that the Company’s management does not consider possible given that the Company is listed.

§10(a) Resolution on adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet.

The Meeting resolved to approve the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet, all as per December 31, 2013 and presented in the 2013 annual report.

§10(b) Resolution on allocation of the Company’s profit according to the adopted balance sheet and on record date for distribution of profits.

The Meeting resolved, in accordance with the proposal of the Board of Directors on the disposition of the Company’s profit, as supported by the Auditors, that dividend shall be paid by SEK 3.75 per share for 2013, corresponding to

SEK 1,572,961,181, and that the remaining earnings of SEK 7,679,698,178 shall be carried forward.

The Meeting further resolved that the record day for determining who shall be entitled to receive dividend shall be Friday May 2, 2014.

It was noted that the dividend is estimated to be distributed by Euroclear Sweden AB on Thursday May 7, 2014.

§10(c) Resolution on discharge from liability for members of the Board of Directors and the Managing Director.

Subject to what is stated below, the Meeting, in accordance with the recommendation from the Auditors, unanimously resolved to discharge the members of the Board of Directors and the Managing Director from liability in respect of their management of the Company's business for the financial year 2013.

It was noted that neither the members of the Board of Directors nor the Managing Director owning shares in the Company participated in this resolution as far as it regarded themselves.

A minority, representing 67,414 (0,03%) votes, of the votes that were registered, abstained from voting concerning this proposal and 80,080 (0,03%) votes, of the votes that were registered, voted against this proposal.

§11 Report on the work of the Nomination Committee.

Finn Rausing, Chairman of the Nomination Committee and representative of Tetra Laval, reported on the work of the Nomination Committee. Further he thanked the Company's resigning auditor, public accountant Staffan Landén, and the Company's deputy auditors, public accountants Johan Thuresson and Karoline Tedevall, all accountants at Ernst & Young AB.

It was established that the Nomination Committee represented just over 76% of the number of votes present at the Meeting.

§12 Determination of the number of members of the Board of Directors and deputy members of the Board of Directors to be elected by the Meeting as well as the number of Auditors and deputy Auditors.

Lars Åke Bokenberger, representing the Nomination Committee, proposed, in accordance with the proposition contained in the convening notice, that the number of Board members to be elected by the Meeting shall be nine with no deputies, and that the number of Auditors shall be two and that the number of deputy Auditors shall be two.

The Meeting resolved that the number of Board members to be elected by the Meeting shall be nine with no deputies and that the number of Auditors shall be two and that the number of deputy Auditors shall be two.

§13 Determination of the compensation to the Board of Directors and the Auditors.

Lars Åke Bokenberger, representing the Nomination Committee, proposed and the Meeting resolved that the compensation to the Board of Directors shall be SEK 4,575,000 to be distributed among the members of the Board of Directors elected by the Meeting and not employed by the Company, as follows:

Chairman of the Board of Directors:	SEK	1,250,000
Other members of the Board of Directors:	SEK	475,000

Furthermore, the Meeting resolved that, in addition to the above compensation to the members of the Board of Directors who are elected by the Meeting and who are not employed by the Company, the compensation mentioned below shall be distributed to the Chairman or members of the Committees mentioned below:

Extra amount for the Chairman of the Audit Committee:	SEK	150,000
Extra amount for the other members of the Audit Committee:	SEK	100,000
Extra amount for the Chairman of the Remuneration Committee:	SEK	50,000
Extra amount for other members of the Remuneration Committee:	SEK	50,000

The Meeting further resolved that the Company, provided that it is cost neutral for the Company and after written agreement between the Company and a (Swedish) limited liability company wholly-owned by a board member or a board member's private business, may approve that the board fee is invoiced through the company wholly-owned by the board member or by the board members private business. The invoiced fee shall be increased with an amount corresponding to social security payments pursuant to law and value added tax pursuant to law.

The Meeting further resolved that the fee to the Company's Auditors shall be paid as per approved invoice.

A minority, representing 88,500 (0,03%) votes, of the votes that were registered, abstained from voting concerning this proposal and 35,247 (0.01%) votes, of the votes that were registered, voted against this proposal.

§14 Election of Chairman of the Board of Directors, members of the Board of Directors and deputy members of the Board of Directors, Auditors and deputy Auditors.

Lars Åke Bokenberger, representing the Nomination Committee, proposed, in accordance with the proposition in the convening notice, and the Meeting resolved, to re-elect Gunilla Berg, Arne Frank, Björn Hägglund, Ulla Litzén, Anders Narvinger, Finn Rausing, Jörn Rausing, Lars Renström and Ulf Wiinberg as members of the Board of Directors.

The Meeting further resolved to re-elect Anders Narvinger as Chairman of the Board of Directors and that in case Anders Narvinger's assignment as Chairman of the Board of Directors should end prematurely, the Board of Directors shall appoint a new Chairman.

Lars Åke Bokenberger, as representative of the Nomination Committee, also informed that the Nomination Committee has assessed that apart from Lars Renström, eight of the nine members elected by the Meeting are independent of the Company and the management and that the Nomination Committee also has made the assessment that all of the members elected by the Meeting, except for Board members Finn Rausing, Jörn Rausing and Lars Renström, are independent of the Company's major shareholder.

The Chairman informed that three employee representatives and three deputies are elected to represent the employees in the Board of Directors and that these are to be elected by the respective trade union. Currently, the employee representatives are Bror García Lantz, Jan Nilsson and Susanna Norrby, with Leif Norkvist, Henrik Nielsen and Stefan Sandell as deputies.

The Meeting further resolved to elect the authorised public accountants Helene Willberg and Håkan Olsson Reising to be Auditors for the Company for the coming year, that is up to and including the Annual General Meeting 2015, and to elect the public accountants David Olow and Duane Swanson to be deputy Auditors for the Company for the coming year, that is up to and including the Annual General Meeting 2015.

A minority, representing 820,741 (0.31%) votes, of the votes that were registered, abstained from voting under item 14 on the agenda and 6,313,688 (2.38%) votes, of the votes that were registered, voted against the Nomination Committee's proposals under item 14 on the agenda.

§15 Resolution on guidelines for compensation to senior management.

The Chairman presented the Board of Directors' proposal on guidelines for compensation to and other employment conditions for the senior management, Exhibit 4. He also clarified that the proposed guidelines for compensation to senior management correspond in substance with the guidelines that have been approved at the last years' Annual General Meetings.

The Meeting resolved to adopt the proposal of the Board of Directors on guidelines for compensation to senior management, Exhibit 4.

A minority, representing 17,055,417 (6.44%) votes, of the votes that were registered, voted against this proposal.

Krister Eurén pointed out that, according to his calculations, the outcome of the previous incentive program was SEK 2.65 m with respect to the MD, representing an increase with 63%. He deemed this to be a material increase not least considering that the program relates to earnings per share and that such earnings drop approximately 5% during 2013. All in all, according to him, the MD for 2013 had received variable compensation amounting to SEK 6.98 m, representing 75% of the salary. Since Aktiespararna considers that variable compensation is to be a compliment to the fixed compensation and be a reward when certain established targets have been overachieved, he considered that the targets in this case seems to have been established on a too low level. He also stated that Aktiespararna does not have any objections in principle with respect to variable compensation, but believes that it must be transparent and limited as regards the highest outcome. In order to make it easier for the shareholders to consider the proposed reward system, Aktiespararna asked that more information is presented to the Meeting including a more explicit statement regarding what targets that have been established for the incentive program at hand. Aktiespararna is further of the view that, although the presented proposal corresponds with previously resolved long-term incentive programs, the incentive program now at hand should be handled as a separate matter at the Meeting and be further described in the notice and the board's proposal. Further, Aktieägarna is opposing that the MD and the CFO are covered by variable compensation. The **Chairman** then presented a detailed explanation regarding how the targets for the individual yearly variable compensation, the long-term incentive program and the calculation of the outcome have been established. It was emphasised that certain information that forms the basis for the calculations on the outcome of the incentive program may not be disclosed in advance since it would be considered a prognosis and as such depart from established practice and hence not be possible to disclose given that the Company is listed.

§16 Resolution on the Nomination Committee for the next Annual General Meeting.

Bo Selling, representing the Nomination Committee, proposed, in accordance with the proposition set out in the convening notice, and the Meeting resolved to adopt the Nomination Committee's proposal regarding criteria for appointing the Chairman and members of the Nomination Committee for the next Annual General Meeting, Exhibit 5.

A minority, representing 134,246 (0.05%) votes, of the votes that were registered, voted against this proposal.

Krister Eurén pointed out that Aktiespararna is of the view that the Nomination Committee must represent all shareholders and not only such shareholders that have appointed the Nomination Committee. Aktiespararna proposed that the Nomination Committee, ahead of next year's presentation of the criteria for appointing the Chairman and members of the Nomination Committee, considers replacing the wording "*...that the Nomination Committee shall consist of representatives of five larger, with...*" with the wording "*...that the Nomination Committee shall consist of five members appointed by five larger, with...*", whereupon the **Chairman** said that this proposal will be considered ahead of next year's Meeting.

§17 Resolution on authorisation for the Board of Directors to purchase shares in the Company.

The Chairman reminded the Meeting that, in accordance with what had been announced on 22 April 2014, the board of directors, following Alfa Laval's agreement to acquire Frank Mohn AS and that as a result purchase of own shares is not considered to be required for the period until the next annual general meeting, had resolved to withdraw its proposal under this item 17.

§18 Closing of the Meeting.

The Chairman declared the Annual General Meeting of 2014 closed.

Unofficial translation

At the minutes:

Approved:

Mikael Wahlgren

Anders Narvinger

Annika Boström

Krister Eurén