**Item 15**

**Board proposal for a resolution on remuneration principles for the company management**

The Board of Directors of Alfa Laval AB (publ) proposes that the annual general meeting of shareholders to be held on 23 April 2007 makes a resolution in the form set out below regarding the remuneration principles for the company management.

It was resolved to adopt the following principles for remuneration for the company management:

1. **Scope**
   The “company management” comprise the President and other members of Group Management. These principles apply to employment contracts for the company management concluded after these principles are adopted by the Meeting, and to changes of current employment contracts for such individuals made thereafter. The Board of Directors shall have the right to deviate from the principles in a certain case if there are special reasons to do so. Special reasons can, for example, be where members of the company management are residing outside of Sweden and must be offered terms that are competitive in the countries in which those individuals reside.

2. **Basic principle and how remuneration issues are prepared**
   The basic principle is that Alfa Laval shall offer remuneration on market conditions so that the company can attract and retain a competent management team. The Board of Directors has established a committee and commissioned it with the task of preparing matters regarding remuneration and other employment terms for the company management. The Board of Directors decides on these issues after the issues have been prepared by the Remuneration Committee.

3. **Fixed remuneration**
   Fixed salaries are reviewed annually and are based on the competence and areas of responsibility of the individual member of the company management.

4. **Variable remuneration**
   Variable remuneration may correspond to between 15 and 60 percent of the fixed remuneration, depending on the position. The outcome of the variable portion depends on the degree of fulfilment of financial targets in particular, and, to a more limited extent, also qualitative targets. For year 2007 the maximum amount of the variable remuneration paid to the competent management team could reach SEK 9.605.140 alternatively SEK 4.802.570 if 50% of the variable amount is paid out.

The Board may consider whether or not to propose a share or share-related program for the company management to the shareholders’ meeting.
5. Pension benefits
A detailed description of existing pension benefits for company management is available in note 3 of the Annual Report 2006.

New principles regarding pension benefits have been implemented during 2006, pursuant to which the company management is offered a premium based early pension scheme with a premium of 15 percent of the pensionable income. Early retirement benefit is committed selective and only after a special decision of the Remuneration Committee. Retirement pension after the age of 65 and family pension as per IIP (supplementary pensions for salaried employees) also include salary portions above the 30 basic amounts of the IIP-plans. This previous preferential based solution has been renegotiated during 2006 with the majority of those included in this solution, and has been replaced by a premium based solution, with a premium of 30 percent of the pensionable income beyond the 30 basic amounts. There are no outstanding financial liabilities in regard to those of the company management that will continue to benefit under the previous preferential based solution. The company management also has a special family pension consisting of the difference between retirement pension and family pension according to the IIP. In addition to this, they have the opportunity to allocate wages and bonuses to a temporary old-age and family pension.

6. Non-monetary benefits
The company management has the right to normal non-monetary benefits, such as company car and company healthcare. In certain cases, Alfa Laval can also arrange for housing.
7. Dismissal and severance pay
Should Alfa Laval dismiss a member of the company management, such person will be entitled to receive remuneration during the notice period and severance pay to an amount corresponding to a maximum of 24 monthly salaries.