

## **Report of the Nomination Committee in respect of its work for the Annual General Meeting 2008**

In accordance with the decision by the Annual General Meeting in Alfa Laval on April 23, 2007, Alfa Laval shall have a Nomination Committee to prepare and present proposals to shareholders at the Annual General Meeting on the election of Chairman of the Annual General Meeting, Chairman of the Board of Directors, members of the Board of Directors and, where applicable, auditors as well as remuneration to the Board of Directors and the auditors.

The Nomination Committee shall have no more than five members, who shall be the representatives of the five largest shareholders at the end of the third quarter. The majority of the Nomination Committee members must not be members of the Board of Directors.

Members of the Nomination Committee shall be appointed as follows. The Chairman of the Board of Directors shall at the end of the third-quarter contact the five largest shareholders in the Company, who shall have the right to appoint one member each of the Nomination Committee. In addition, the Nomination Committee may decide that the Chairman of the Board of Directors and other members of the Board of Directors shall be members of the Nomination Committee.

If any of these five shareholders declines the right to appoint a member of the Nomination Committee, the next shareholder in terms of size of shareholders should be offered the opportunity to appoint a member of the Nomination Committee. There is no obligation to ask more than eight of the largest shareholders should several shareholders decline the right to appoint members to the Nomination Committee. However, more than eight shareholders should be asked if this is required for the Nomination Committee to comprise at least three members.

Should a member resign from the Nomination Committee before its work is completed, the shareholder who appointed such member has the right to appoint a substitute member. The Nomination Committee should be chaired by an owner representative who may also be a member of the Board of Directors. The Chairman of the Board of Directors shall not be appointed Chairman of the Nomination Committee.

The Chairman of the Board of Directors shall, as part of the Nomination Committee's work, ensure that the Nomination Committee is informed on the Board of Directors work and need for specific competence and other circumstances that could be of importance for the Nomination Committee. Individual shareholders shall be entitled to submit proposals for members of the Board of Directors to the Nomination Committee for further evaluation within the work of the Nomination Committee.

Information on the composition of the Nomination Committee shall be announced publicly in the Company's third-quarter interim report and on the Company's website not later than six months prior to the Annual General Meeting.

The Nomination Committee shall be entitled to charge the Company for necessary costs for recruitment consultants in order to obtain a suitable selection of nominees for the Board of Directors.

The Nomination Committee shall report on its work at the Annual General Meeting.

### **The Nomination Committee in respect of the Annual General Meeting 2008**

In accordance with the decision by the Annual General Meeting on April 23, 2007, the Company's five largest shareholders have appointed the following representatives to the Annual General Meeting on April 22, 2008: Finn Rausing, Tetra Laval, Lars-Åke Bokenberger, AMF Pension, Jan Andersson, Swedbank Robur Fonder, Lars Öhrstedt, AFA/TFA-försäkringar and Peter Rudman, Nordea Fonder. Finn Rausing is chairman. The Nomination Committee has appointed the Chairman of the Board of Directors as member and secretary of the Nomination Committee.

The shareholders have had the possibility to submit proposals for members of the Board of Directors to all representatives of the Nomination Committee.

### **Nomination Process**

The Nomination Committee is convened as many times as necessary to agree on proposals to the Annual General Meeting. The Nomination Committee has held two meetings to prepare proposals for the Annual General Meeting 2008. The Nomination Committee has considered information on the Company's business activities, economical and strategic development, the scope of Board of Director's work and the work carried out by the Remuneration Committee.

The evaluation on the Board of Director's work in accordance with the Swedish Code of Corporate Governance has been carried out and presented by an external consultant. The Chairman of the Board of Directors has reported on other information of importance for the nomination process with respect to the work of the Board of Directors and any need for special competence etc.

The Nomination Committee has searched for candidates by way of recommendations, recruitment consultants and proposals from shareholders. The proposal presented to the Annual General Meeting has been established under the above stated terms of reference of the Nomination Committee.

The Nomination Committee was constituted on November 26, 2007. Two meetings have been held with contacts between the members in between the meetings. Information on the composition of the Nomination Committee was made public in the Company's third-quarter interim report 2007 and on the Company's website on October 23, 2007. In accordance with the instruction established by the previous Annual General Meeting it has been the task of the Nomination Committee to propose the following matters to the Annual General Meeting 2008:

- a. Chairman of the Annual General Meeting
- b. Chairman of the Board of Directors
- c. Other members of the Board of Directors
- d. Auditors
- e. Remuneration of the Board of Directors and the auditors

It has been the intention of the Nomination Committee to, among other things, establish a suitable composition of the Board of Directors and ensure that the competence and

experience of the members of the Board of Directors should create a solid basis suitable for the Company's market situation. The Nomination Committee has, in order to fulfil such intention, evaluated the external consultant's report on this matter and has assessed what areas of expertise that the members of the Board of Directors should have.

The Nomination Committee has considered the independence of the members of the Board of Directors. Seven out of a total of eight members of the Board of Directors elected by the General Meeting are independent in relation to the Company and the Company's management according to the Nomination Committee's assessment; Lars Renström should be considered as dependent due to his position as head of the group. The Nomination Committee has further considered all members of the Board of Directors elected by the General Meeting, with exception for Finn Rausing and Jörn Rausing due to their relation to Tetra Laval, to be independent in relation to the Company's largest shareholders. The proposal on composition of the Board of Directors is thus in accordance with the applicable requirements on independence of the Board of Directors.

It is the Nomination Committee's opinion that the incumbent Board of Directors has the necessary competence and qualities. The Nomination Committee proposes that all members of the Board of Directors elected at the General Meeting should be re-elected at the Annual General Meeting. All members of the Board of Directors have declared themselves as available for re-election. Further, the Nomination Committee proposes that Anders Narvinger should continue as Chairman of the Board of Directors.

As regards remuneration for work carried out in the Board of Directors and the Committees, the Nomination Committee has compared the current remuneration with the remuneration existing in comparable companies and has decided to propose a minor increase which is further described in the notice.

Stockholm, January 2008

The Nomination Committee of Alfa Laval AB (publ)

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