N.B. The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation the Swedish text shall prevail.

Item 15
The Board of Directors’ proposal for a resolution on the guidelines for compensation to senior management

The Board of Directors of Alfa Laval AB (publ) proposes that the Annual General Meeting of shareholders to be held on April 27, 2011 adopts a resolution in the form set out below regarding the guidelines for compensation to senior management.

It was resolved to adopt the following guidelines for compensation to senior management:

1. Scope
The term “senior management” refers to the Managing Director and the group management. These guidelines apply to employment contracts for members of the senior management entered into following the adoption of these guidelines by the meeting, and to amendments to existing employment contracts for such individuals made thereafter. The Board of Directors has the right to deviate from the guidelines where special cause exists therefor in an individual case. Special cause may, e.g., be that it must be possible to offer to members of the senior management who reside outside Sweden terms which are competitive in their country of residence.

2. The main principle and how compensation matters are prepared
The main principle for the guidelines is that Alfa Laval AB shall offer compensation on market terms so that the Company can attract and retain a competent senior management. The Board of Directors has established a Committee with the tasks of preparing matters regarding the guidelines for compensation to senior management which shall be resolved upon by the Annual General Meeting, as well as to the Board of Directors propose remuneration and employment provisions for the Managing Director. The Board of Directors shall resolve on matters regarding remuneration and employment provisions for the Managing Director following preparation by the Remuneration Committee. The Committee shall resolve on matters regarding remuneration and employment provisions for senior management who reports directly to the Managing Director. The Committee shall continuously report to the Board of Directors.

3. Fixed compensation
The fixed salaries shall be revised annually and shall be based upon the
competence and areas of responsibility of each individual.

4. **Variable compensation**

The variable compensation comprises (i) an individual annual variable compensation, and may also, as a supplement, include (ii) a long-term incentive program.

(i) The individual annual variable compensation may be between 30 and 60 percent of the fixed compensation, depending on position. The outcome depends on the degree of fulfilment of, in particular, financial targets, and to a more limited extent also on qualitative targets.

(ii) The long-term incentive program directed to not more than 75 of the Company's top executives, including the senior management is intended to be a supplement to the individual variable compensation. It is the Board of Directors' proposal to implement a long-term incentive program also in 2011, on terms similar to those of the current programs. The long-term incentive program for 2011 is, just as the long-term incentive programs for 2008, 2009 and 2010, a cash-based program connected to the Company's earnings per share and will run for three years. The program may each year generate up to a maximum of 25 percent of the participants' individual annual variable compensation. Payment to the participants of the program will be made after three years, provided, however, that they are still employees at that time.

The Board of Directors may consider to propose the meeting a share or share price-related program for the senior management.

5. **Pension benefits**

A detailed description of current pension schemes for the senior management is available in note 6 of the Annual Report for 2010.

Early retirement is offered selectively and only after a special decision by the Remuneration Committee. As from 2006, a premium-based early retirement scheme with a premium of 15 percent of the pensionable income is offered. Old-age pension following the age of 65 and family pension according to the ITP plan also include salary portions above the 30 basic amounts of the ITP plan. This previous defined benefit scheme was renegotiated in 2006 with the majority of those included in the scheme, and was replaced by a premium based scheme, with a premium of 30 percent of the pensionable income above 30 basic amounts. Members of the senior management also have a special family pension which fills the gap between the old-age pension and the family pension.
according to the ITP plan. In addition, they have the opportunity to allocate salary and bonus to a temporary old-age and family pension.

6. Non-monetary benefits
Members of the senior management have the right to normal non-monetary benefits, such as company car and healthcare benefits. In certain cases, Alfa Laval AB can also arrange for a residence supplied by the Company.

7. Dismissal and severance pay
Should Alfa Laval AB dismiss a member of the senior management, the compensation during the notice period and the severance pay may be an amount corresponding to a maximum of 2 yearly salaries.

8. Estimated costs for variable compensation
The cost for variable compensation to the senior management according to the proposal of the Board of Directors, taking into account existing agreements and based on the present remuneration rates, may, at maximum outcome, which presupposes that all targets on which the variable remuneration is based are reached, amount to maximum SEK 23,800,000 (exclusive of social security payments), whereof SEK 9,200,000 to the Managing Director (also President). The estimate is based on the persons currently being part of the management. The costs may change in case additional persons will become part of the management.

9. Remuneration resolved upon that is not due for payment
At the time of the Annual General Meeting on 27 April 2011, Alfa Laval AB has no unsettled obligations of compensation, except running obligations to senior management in accordance with the principles of compensation described on page 93-94 in the annual report.

The auditors’ report, in accordance with Chapter 8, Section 54 of the Swedish Companies Act, regarding the compliance with the Annual General Meeting’s principles for compensation to senior management is attached to this proposal and will also be available at the meeting.

The Board of Directors’ account of the result of the Remuneration Committee’s evaluation in accordance with section 10.3 of the Swedish Corporate Governance Code is attached to this proposal and will also be available at the meeting.