

Corporate Governance Report 2005



The natural driving force

C_2H_5OH

Or ethanol, to spell it out more clearly. Ethanol is extracted from barley, wheat and other agricultural products and is used as an additive in the fuel with which you fill up your car. During the combustion process, it is converted into pure water and carbon dioxide, providing plants with the perfect atmosphere in which to thrive and thus closing the natural ecocycle. Alfa Laval plays a key role in this constantly ongoing process. We are among the world leaders in the manufacture of heat exchangers, evaporators, condensers and separators for ethanol production. And we are ready to meet the growing need for new plants.

Corporate Governance Report 2005

Alfa Laval applies the Code

The Board of Directors of Alfa Laval hereby presents its Corporate Governance Report for 2005.

Alfa Laval is listed on the Stockholm Stock Exchange's O-list and has a market value in excess of SEK 3 billion. Accordingly, the company has an obligation to apply the Swedish Code of Corporate Governance ("the Code") as of July 1, 2005. Among other requirements, this means that a Corporate Governance Report must be appended to the Annual Report. The Code stipulates that the Corporate Governance Report shall also be examined by the company's auditors, and this has been done.

The Code was introduced to establish the prerequisites for exercising an active and responsible ownership role, to guarantee shareholders the opportunity to uphold their interests vis-à-vis the company's management organs, to clarify the division of roles and responsibilities between management and control organs and to ensure optimal openness toward shareholders and the capital markets. These are principles that have guided the work of Alfa Laval's Board of Directors for many years.

If companies that are subject to the Code fail to apply it in any respect, this shall be clearly stated and the reasons explained. Alfa Laval intends to apply the Swedish Code of Corporate Governance.

Since the Code did not become effective until July 1, 2005 no interim report was reviewed by the company's auditors. The Board's Audit Committee has decided that the nine-month report will be reviewed by the auditors as of 2006.

The Board of Directors is responsible for ensuring that the Code is followed by both the Board, the Group Management and the company in general.

The Board of Directors will continually ensure that the Code is followed by Alfa Laval.

Lund, March 2006
Anders Narvinger
Chairman of the Board of Directors

Corporate Governance at Alfa Laval



The diagram gives a general picture of corporate governance at Alfa Laval.

The Annual General Meeting is the highest decision-making organ and annually appoints, among others, the members and chairman of the Board of Directors, based on proposals from the Nominating Committee. The Board's responsibilities are regulated by the Swedish Companies Act and the Board's formal work plan.

The president manages the company's operations and draws his closest support from a management group. The company's external auditors scrutinize the company, including the Annual Report. They also make a statement concerning the discharge of the Board from liability. The internal audit involves examination of a broad range of procedures and issues.

The Corporate Governance Report, in accordance with the Swedish Code of Corporate Governance (the Code), gives a detailed description of how the different units for corporate governance within Alfa Laval act and interact.

Articles of Association

In accordance with Alfa Laval's Articles of Association, the registered name of the company is Alfa Laval AB (publ). The registered office of the Board of Directors of the company shall be in Lund municipality in Sweden. The company's share capital shall amount to not less than SEK 745,000,000 and not more than SEK 2,980,000,000. The par value of each share shall be SEK 10. The fiscal year is the calendar year.

The objective of the company's operations is, directly or through subsidiaries and joint-venture companies, in and outside Sweden, to develop, manufacture and sell equipment and installations, preferably within the areas of separation, heat transfer and flow technology, to administer fixed and movable property, and other related operations.

Alfa Laval's Board of Directors shall comprise at least four and not more than ten members, with not more than four deputy members. The number of auditors shall be at least one and not more than two, with not more than two deputies. Auditors are appointed when necessary at the Annual General Meeting for the period until the close of the Annual General Meeting held during the fourth fiscal year after the election of auditors. Authorized public accountants or registered public accounting firms are appointed as auditors and, when applicable, deputy auditors.

In addition to the above information, the Articles of Association also contain rules concerning the procedures to be followed at Annual General Meetings. The Articles of Association are available in their entirety on the Alfa Laval website, www.alfalaval.com. Alfa Laval's current Articles of Association were adopted at the Annual General Meeting held on April 8, 2002. As a result of a new Swedish Companies Act with effect from January 1, 2006, a motion will be made to the 2006 Annual General Meeting to adopt new Articles of Association, with the aim of adapting the Articles of Association to the new Swedish Companies Act.

Annual General Meeting

The Annual General Meeting (AGM) is the Alfa Laval Group's highest decision-making body. According to Alfa Laval's Articles of Association, the Annual General Meeting shall be held within six months of the close of the fiscal year in either Lund or Stockholm. Normally, the AGM takes place at the end of April or beginning of May each year in Lund.

The AGM for fiscal year 2004 was held in Lund on April 27, 2005. Lawyer Bertil Vilard was elected the meeting chairman. Following the President's report, Board Chairman Anders Narvinger spoke about the Board's activities and the Remuneration Committee's work and about the Board's intention to institute an Audit Committee. All the persons nominated to the Alfa Laval Board, except Björn Häggglund, were pre-

sent at the meeting. The company's auditors were represented by Kerstin Mouchard.

As a result of the new Companies Act, a motion will be put to the 2006 AGM to adopt new Articles of Association in which the Swedish term used to refer to the Annual General Meeting is changed from "ordinarie bolagsstämma" to "årsstämma."

Decisions made at the 2005 Annual General Meeting

The most important decisions made at the 2005 Annual General Meeting were as follows:

- The AGM adopted the income statement and balance sheet, decided in favor of disposing of the company's profits in accordance with the Board's proposal to the effect that a dividend of SEK 4.75 per share be paid for 2004 and that the Board of Directors and president be discharged from liability.
- The AGM decided in accordance with the Nominating Committee's proposal that the number of Board members shall be eight and that no deputies be appointed. At the 2004 AGM, two auditors and two deputy auditors were appointed, with their assignments extending until the fourth fiscal year after the election of auditors – in other words, up to and including the 2008 AGM.
- The AGM approved the Nominating Committee's proposal that fees to the Board and its committees should be SEK 2,625,000.
- The AGM decided that remuneration of auditors shall be in accordance with invoices submitted.
- Election of members was in accordance with the Nominating Committee's proposal of Anders Narvinger, Gunilla Berg, Lena Olving, Finn Rausing, Jörn Rausing and Waldemar Schmidt. Björn Häggglund and Lars Renström were elected to the Board, replacing Christian Salamon and Björn Savén, who had declined reelection.
- The Meeting decided that the company's share premium reserve be reduced by SEK 1,500,000,000 to SEK 1,269,819,376,

that the amount of the reduction shall be allocated to a fund to be used at the discretion of the AGM,

that the decision to reduce the reserve is conditional upon permission from a court of law, and

that the Board and any person appointed by the Board are entitled to make minor changes to the above decision that may result from the application for permission from a court of law for the reduction.

- The AGM decided that a Nominating Committee should be established to prepare and present proposals to the AGM pertaining to election of the Meeting Chairman, the Board Chairman, Board members and, when appropriate, auditors, as well as the fees payable to Board members and auditors.

Extraordinary General Meetings

Extraordinary General Meetings are held if the Board considers there is reason to do so. No Extraordinary General Meetings were held during 2005.

Nominating Committee

The Nominating Committee shall consist of five members, who shall be representatives of the five largest shareholders at the close of the third quarter. At the close of the third quarter, the Board Chairman shall contact the company's five largest shareholders. These are then entitled to appoint one member each to the Nominating Committee. In addition, the Nominating Committee can decide that the Board Chairman shall be part of the Nominating Committee. If any of the five shareholders abstains from the right to appoint a member, no more than the eight largest shareholders need be consulted, if this is required in order that the Nominating Committee consists of at least three members. The chairman of the Nominating Committee shall be a shareholder representative. The chairman of the Nominating Committee shall not be the Board Chairman or any other Board member. Individual shareholders shall be entitled to submit proposals for Board members to the Nominating Committee for further consideration within the framework of its work.

Information about the Nominating Committee's composition shall be published in Alfa Laval's interim report for the third quarter and on the company's website not later than six months before the AGM.

The Nominating Committee has the right to charge costs to the company for engaging recruitment consultants if this is deemed necessary to achieve a proper selection of candidates for the Board.

The Nominating Committee shall report on its activities at the AGM.

Nominations for the 2006 Annual General Meeting

In accordance with a decision made at Alfa Laval AB's AGM on April 27, 2005, the five major shareholders in Alfa Laval appointed the following members to the Nominating Committee prior to the 2006 AGM: Finn Rausing, Tetra Laval; Magnus Wärn, AMF Pension; Björn Franzon, Fourth AP Fund; Jan Anderson, Robur; Cecilia Lager, SEB Fonder; and Alfa Laval's Board Chairman Anders Narvinger. The chairman of the Nominating Committee is Björn Franzon. Individual shareholders can put forward

proposals for Board members to any member of the Nominating Committee. For contact details, see Alfa Laval's website, www.alfalaval.com.

Nomination process

The Nominating Committee meets as often as required to reach a consensus on proposals for the AGM. In advance of the 2005 AGM, the Nominating Committee met four times. As the basis for its work, information was analyzed regarding the company's operations, financial and strategic development, the Board's work during the fiscal year, including the Board Chairman's evaluation of the Board members, the work of the Board's Remuneration Committee, the Board's reviews with the auditors and late changes among the company's major owners. The Board Chairman, as part of the Nominating Committee's work, shall report the major conclusions from the annual evaluation of the Board's work that is to be carried out in accordance with the Code. As part of the Nominating Committee's work, the Board Chairman shall also report on other circumstances affecting the Board's work, such as the need for particular expertise that could be of importance for the nomination process.

Candidates for the Nominating Committee are sought through recommendations, recruitment consultants and nomination proposals from shareholders.

The Board and its work

In regard to the Board members elected by the AGM, the Board shall consist of at least four and not more than ten members, and a maximum of four deputies. These are elected annually for the time until the conclusion of the next AGM. Four members and four deputies are appointed by the employees. Key persons within the company are invited to Board meetings as consultants and experts. The company's chief legal counsel serves as Board secretary. The work of the Board is regulated by an annually updated formal work plan that sets the Board's internal division of labor and meeting agenda. There is a special set of instructions for the President that, among other things, describes the financial reports to be presented to the Board to enable the latter to properly assess the financial situation on an ongoing basis.

The Board forms two committees within itself – a Remuneration Committee with two members and an Audit Committee with three members.

The Board holds normal meetings at least four times each year.

For further information about the Board's members, see pages 100-101.

The Board's responsibilities

According to the Swedish Companies Act and the Board's format work plan, the Board is responsible for preparing and evaluating Alfa Laval's overall, long-term

strategies, adopting budgets and business plans, checking and approving financial statements, adopting key guidelines, making decisions on acquisitions and divestments of operations and deciding on major investments and significant changes in Alfa Laval's organization and operations.

The Board (through its Audit Committee) also procures auditing services and maintains ongoing contact with the company's auditors. The Board appoints the president and defines the instructions the president must follow. The Board (through the Remuneration Committee) also determines salaries and remuneration to the president and members of the Group Management.

The Board's formal work plan

The Board's formal work plan is determined annually in a statutory meeting following the AGM.

The formal work plan describes the Board's work assignments and the division of responsibility between the Board and the president. The formal work plan also prescribes that the Board shall have a Remuneration Committee and an Audit Committee, as well as defining the role of the Board Chairman.

The company president prepares an agenda for each meeting in consultation with the Board Chairman. Board members

who wish to discuss a particular matter must inform the Board Chairman well in advance, so that the requisite information or documentation on which to base decisions can be prepared.

Notices of meetings, together with the requisite information or documentation on which to base decisions, shall reach Board members not later than seven days prior to the date of the meeting. Minutes from Board meetings shall be numbered, and all Board members shall receive copies. The original shall be stored in a safe manner by the company. This is the responsibility of the company president.

Matters discussed by the Board are by definition confidential, and every Board member is subject to a duty of confidentiality regarding matters that could harm the company.

Board Chairman

The Board Chairman directs the work in a manner that will ensure its accordance with the Swedish Companies Act. The Chairman is also responsible for ensuring that the Board's work is well organized and efficiently conducted, so that the Board fulfills its tasks.

In dialog with the company's president, the Chairman monitors developments and is responsible for the other members

Present at Board meetings and committee meetings

Main Board	Remuneration Committee**	Audit Committee***		
10	2	2	Anders Narvinger	Elected at AGM
8	-	2	Gunilla Berg	
4	-	-	Björn Hågglund*	
7	-	-	Lena Olving	
10	-	2	Finn Rausing	
10	2	-	Jörn Rausing	
6	-	-	Lars Renström*	
9	-	-	Waldemar Schmidt	
7	-	-	Per Olov Jacobsson	Employee representatives
10	-	-	Susanna Norrby	
8	-	-	Arne Kastö	
8	-	-	Jan Nilsson	
10	2	2		No. of meetings

* Elected at the company's Annual General Meeting on April 27.

** Until the Annual General Meeting Björn Savén was also a member of the Remuneration Committee

*** Until the Annual General Meeting the entire Board served as the Audit Committee

receiving, on an ongoing basis, information necessary for Board work to be performed in the most effective manner. The Chairman directs the evaluation of the Board's work, and reports on it in the Nominating Committee, and participates in evaluation and development matters with respect to the Group's senior executives.

The Chairman represents the company in ownership issues.

Independent Board members

All Board members selected by the AGM are considered to be independent of the company, except Lars Renström, who is president and CEO of the company. Two members, Finn Rausing and Jörn Rausing, are considered to have a relationship of dependence to the company's largest owner, Tetra Laval, which, as at December 31, 2005, owned 17.68 percent of the shares. The other members are independent of major shareholders. Board members have a duty to devote the necessary time and attention to their Board work and to possess the knowledge this requires, in order to further the company's and its shareholders' interests in the best possible manner.

Board work during 2005

Ten Board meetings were held during 2005. The meetings normally lasted four hours. Board meetings normally take place in Lund. In one case, the meeting took the form of a telephone conference.

The normal agenda items for Board meetings include earnings results, order trends, investments, acquisitions and shareholder trends.

In addition to the normal agenda items, the Board meetings held during 2005 addressed the following matters:

- the company's strategic direction
- overall financing
- corporate governance
- asbestos-related lawsuits in the US
- audit planning
- raw material prices

Major decisions made by the Board during the year included the acquisitions of Tranter and Packinox.

Board decisions are made based on open discussion led by the Chairman. During the year, no dissenting opinion on any issue was entered in the minutes.

Audit Committee

Until the 2005 AGM, the entire Board acted as an Audit Committee. Thereafter, a special Audit Committee was instituted. Members of the Audit Committee are appointed annually within the Board. During 2005, the committee comprised Finn Rausing (chairman), Gunilla Berg and Anders Narvinger. During the year, the Audit Committee held two meetings averaging approximately three hours in length. Minutes are kept at all meetings of the Audit Committee and are distributed

to Board members. The Audit Committee has the right to make decisions regarding, among other matters, the focus of both the external and internal audits, and the formulation of guidelines for financial reporting and follow-up.

The Audit Committee's work includes continually monitoring the effectiveness of the internal controls. The Committee's duties also involve evaluation and discussion of significant issues within the area of accounting and financial reporting. The Audit Committee examines the procedures for reporting and financial control, the auditors' work, their qualifications and their independence. Its supervision also encompasses other key matters related to financial reporting. The committee assists management in identifying and evaluating the primary operational risks and ensures that management focuses on these matters.

Remuneration Committee

Alfa Laval's Remuneration Committee is appointed on an annual basis within the Board. During 2005, it comprised Anders Narvinger (chairman) and Jörn Rausing. Until the AGM on April 27, Björn Savén was also a member. The Remuneration Committee held two meetings during 2005. In addition, the committee maintains contacts in connection with hirings and is involved when other conditions of employment relating to the president or other members of Group Management require discussion. Minutes are kept at all meetings of the Remuneration Committee and the contents are distributed to Board members.

The Remuneration Committee's assignment is to prepare material relating to salary and employment conditions for the president and senior executives who report directly to the president, and to propose principles regarding employment conditions for Group Management to be submitted to the AGM for approval.

Evaluation of the Board's work

The Board evaluates its work on an ongoing basis through open discussions and interviews between the Board Chairman and

individual Board members. In addition, the Board Chairman ensures that the work of the Board is evaluated annually. The evaluation of the Board's work focuses on the Board's work forms, work climate and access to and need for special Board expertise. Among other purposes, the evaluation serves to aid the Nominating Committee in its task of nominating Board members and proposing remuneration levels.

Remuneration to the Board

Remuneration to Board members elected at the AGM is determined by the AGM from the proposals submitted by the Nominating Committee. Supplements are paid to the chairman of the Audit Committee and to members of the audit and Remuneration Committees. No Board member is entitled to pension payments from the company.

The table on this page summarizes the remuneration received by all Board members from Alfa Laval for the period from the 2005 AGM until the 2006 AGM.

Group Management

Alfa Laval's Group Management comprises 11 persons led by President Lars Renström, who is also CEO of the Alfa Laval Group. The president directs daily operations and is responsible for the Board receiving information and the necessary decision-making foundation. The president is responsible for ensuring that the company's accounting complies with applicable laws and provisions.

The Group Management staff consists of the CEO and those individuals who, on the CEO's recommendation, have been appointed by the Board. For further information about Group Management, see pages 102-103.

The individuals in Group Management are responsible both for their own area of operation and the Group as a whole. The management held 11 minuted meetings during 2005. In addition to these meetings, quarterly reviews of operations are held with the heads of divisions and geographical regions. These deal with the business situation, earnings projections

Remuneration to the Board

Compensation is fixed, with no variable element. There is no remuneration for Board members employed in the company.

	Main Board	Remuneration Committee	Audit Committee
Anders Narvinger (Chairman)	675,000	50,000	50,000
Gunilla Berg	275,000	0	50,000
Björn Häggglund	275,000	0	0
Lena Olving	275,000	0	0
Finn Rausing	275,000	0	100,000
Jörn Rausing	275,000	50,000	0
Lars Renström	0	0	0
Waldemar Schmidt	275,000	0	0
Total	2,325,000	100,000	200,000

for the upcoming 12 months and specific questions for the various operational components.

Fixed and variable remuneration

President and CEO Lars Renström currently has a base salary of SEK 4,400,000 per year. He has a bonus provision with a non-guaranteed target bonus of 25 percent of the base salary and an upper limit of 50 percent.

Other senior executives comprise the ten members of Group Management other than the president. Their remuneration totals SEK 21.1 M (19.1), of which bonuses made up SEK 2.4 (2.2). The bonus figure relates to bonuses paid during the year.

Pensions

Company President Lars Renström does not have an agreement on early retirement. The ordinary ITP up to a salary of 30 base amounts is funded in order to achieve full ITP benefits at the age of 60. If Lars Renström continues to work for Alfa Laval after the age of 60, he will not receive any pension during the time he is still receiving salary. On top of the ordinary ITP he has a defined-contribution benefit comprising 50 percent of the base salary.

Lars Renström receives severance pay corresponding to two years salary when notice of termination is from the company prior to 58 years of age, which gradually declines to six months at 60 years of age.

A few members of Group Management have older defined-benefit commitments that preferentially relate to retirement at 62 years of age.

Old age pension after 65 and family pension according to ITP also include salary amounts above the ITP plan's 30 base amounts. Members of Group Management have a special family pension that represents a supplement between the old-age pension and the family pension according to ITP. In addition, they may exchange salary and bonuses for a temporary old age and family pension.

During 2005, Alfa Laval's expenses for pension premiums totaled SEK 376.9 M (382.7).

Currently, Alfa Laval is working on a solution for management that will be fully premium based.

Severance pay/Termination of employment

Alfa Laval has made commitments for severance pay to a limited group of senior executives. The commitments are restricted to a maximum amount of two annual salaries. The commitments define the conditions that must be fulfilled in order for a severance payment to be made.

Decision procedures for remunerations to Group Management

The remunerations to the Chief Executive Officer/President and other members of Group Management are decided in the Remuneration Committee within the Board. The principle used when deciding the remunerations to executive officers is that the remuneration is mainly based on a fixed monthly salary, with an option for a company car, and in addition, a variable remuneration in the form of a yearly bonus up to 30 percent of salary. The size of the resulting bonus depends on the outcome of a number of financial measurements and the results of special projects, all compared with the objectives established for the year.

Fixed salary and maximum variable salary are shown in the table below (SEK 000s).

	Fixed	Variable
Lars Renström, President	4,400	Max 50%
Others	18,700	Max 30%

Financial reporting

The Board oversees financial reporting through instructions to the president. The Audit Committee handles all the financial reports issued by the company, while the Board as a whole handles the company's quarterly reports and year-end report. The Audit Committee also handles quarterly risk reporting and information about risk assessments, disputes and any irregularities that may occur.

Policy documents

As governance instruments, the Board has decided on a number of policy documents, which are to be used in daily work within the company. Examples of such documents include the Board's procedural rules, the president's instructions, reporting instructions, code of ethics, investment policy, finance policy and communication policy. The Board annually checks that these instructions and policies remain relevant and up-to-date.

Internal controls

The Board is responsible for the company's internal controls, the overall purpose of which is to protect shareholders' investments and the company's assets. At Board meetings during 2005, the Board as a whole received reports from the company's external auditors on one occasion. In addition, the Board's Audit Committee received reports from the company's external auditors on two occasions. In one instance, the Board received a report from the company's external audi-

tors without the president or any other representative of Group Management being present.

Internal audit, organized directly under the Audit Committee, reported to the Audit Committee on one occasion.

For further information about internal controls, see the Board's report on internal controls on page 106, which describes the control environment, risk assessment, control operations, information and communication, and the supervision of the internal control system.

Internal audit

The internal audit consists of two auditors supplemented by specialist resources internal to the company and auditors from the KPMG organization for internal auditing.

During 2005, 20 internal audits were carried out. The audits encompassed a broad spectrum of functions and areas of inquiry. The scope was determined by the Board and involved examining, for example:

- efficiency within the Group
- the processes that ensure that the principles for best practice are applied and that the controls that have been systematically integrated are relevant
- the processes that identify and handle business risks
- the existence of systems to ensure that financial transactions are implemented, archived and reported in an accurate and lawful manner
- the systems and processes established by the management group to ensure that business operations are conducted in accordance with the policies and procedures that management has established.

Opportunities to improve management control, the company's profitability and the organization's image may be identified during audits.

The internal audit team reports twice annually to the Audit Committee on the results of the audits performed. On these occasions, the planning parameters for the next six to eight months are also established. The internal audit reports are also distributed to the management members concerned.

To ensure that concrete effects result from the internal audits, a follow-up procedure based upon agreed measures has been established.

Risk management

Alfa Laval's risk management processes are explained in the Risk management section on pages 60-63 of the Annual Report.

Audits and auditors

The 2004 AGM gave a renewed mandate to auditor Ingvar Ganestam and newly elected Kerstin Mouchard. Both are elected until the 2008 AGM. As deputy auditors, the 2004 AGM reelected Håkan Olsson and newly elected Thomas Swenson, who are both elected until the 2008 AGM. All are authorized public accountants with Ernst & Young AB.

Ingvar Ganestam, born in 1949, has been an auditor for Alfa Laval since 2000. Kerstin Mouchard, born in 1952, has been an auditor for Alfa Laval since 2004. Håkan Olsson, born in 1961, has been a deputy auditor for Alfa Laval since 2000. Thomas Swenson, born in 1957, has been an auditor for Alfa Laval since 2004.

In Alfa Laval's judgment, none of these

auditors has any relationship to Alfa Laval, or a company close to Alfa Laval, that could affect their independent status in relation to the company. All of the auditors also possess the requisite competence to be able to execute their assignment as auditors for Alfa Laval.

Remuneration of auditors (see note 4 on page 68)

An audit assignment involves examining the Annual Report, evaluating the accounting principles employed, making significant judgments concerning corporate management and evaluating the overall presentation in the Annual report. It also involves making the necessary checks on which to base a decision on discharging the Board from liability. Any other tasks

performed are defined as other assignments.

US Securities and Exchange Commission (SEC)/Sarbanes-Oxley Act

In connection with the issuance of a high-yield bond loan in the autumn of 2000, Alfa Laval was registered with the US Securities and Exchange Commission (SEC). Through registration, Alfa Laval became subject to legislation referred to as the Sarbanes-Oxley Act, which is mainly intended to improve corporate governance. Effective November 15, 2005, Alfa Laval redeemed the outstanding elements of the bond loan, thereby removing the obligation to SEC and eliminating the need for Alfa Laval to comply with the Sarbanes-Oxley Act.

As an extension of our audit engagement we have on assignment to the Board of Directors audited the Corporate Governance Report (pages 93-103) for Alfa Laval AB 2005. The Corporate Governance Report is prepared in accordance with the Swedish Code of Corporate Governance.

Lund, March 1, 2006

Ingvar Ganestam
Authorized Public Accountant

Kerstin Mouchard
Authorized Public Accountant

Board of Directors

Elected by the Annual General Meeting



Anders Narvinger
Chairman since 2003.

Born: 1948.
President of Teknikföretagen and formerly President and CEO of ABB Sweden.
Education: BSc Eng and BSc Econ.
Chairman of Trelleborg AB, Ireco Holding AB and Swedish Trade Council.
Board member of Volvo Car Corporation.
Independent of company and major shareholders.
Number of shares in Alfa Laval AB: 10,000*.



Gunilla Berg
Board member since 2004.

Born: 1960.
CFO SAS Group, formerly Executive Vice President and CFO of KF Group.
Experience from various positions in banking and industry.
Education: BSc Econ.
Board member of LE Lundbergföretagen AB.
Independent of company and major shareholders.



Björn Häggglund
Board member since 2005.

Born: 1945.
Former positions include Deputy CEO of Stora Enso.
Education: Ph D (For).
Vice President at IUI (Swedish Industrial Institute for Economics and Social Research).
Board member of Bergvik Skog AB and Mistra.
Vice Chairman at IVA (Royal Academy of Engineering Science).
Independent of company and major shareholders.



Lena Olving
Board member since 2002.

Born: 1956.
Senior Vice President, Volvo Car Corporation Process Operational Excellence.
Education: BSc Eng.
Board member of Gunnebo AB.
Independent of company and major shareholders.



Finn Rausing
Board member since 2000.

Born: 1955.
Board member of the Tetra Laval Group and De Laval Holding AB.
Education: B.L., MBA (Insead).
Chairman of R.R. Institute of Applied Economics AB. Board member of Swedeship Marine AB.
Independent of company.



Jörn Rausing
Board member since 2000.

Born: 1960.
Head of Mergers and Acquisitions (M&A) in the Tetra Laval Group.
Education: BSc. Econ.
Board member of the Tetra Laval Group and DeLaval Holding AB.
Independent of company.



Lars Renström
Board member since 2005.

Born 1951.
President and CEO of Alfa Laval.
Education: BSc Eng., BSc. Econ.
Board member of Profilgruppen AB.
Independent of major shareholders.
Number of shares in Alfa Laval AB: 10,100*.



Waldemar Schmidt
Board member since 2000.

Born: 1940.
Former President and CEO of ISS Group.
Education: BSc Eng.
Chairman of Superfos Industries A/S and Thrane & Thrane A/S. Vice Chairman of Majid Al Futtaim Group LLG, Dubai.
Board Member of Enodis plc, Group 4 Securicor plc, Welzorg Group BV Cicor S/A and Industri Kapital Ltd. 1994, 1997, 2000 and 2004.
Independent of company and major shareholders.
Number of shares in Alfa Laval: 21,749*.

Employee representatives



Per Olov Jacobsson
Union representative since 2003.
Born: 1942.
Employed by Alfa Laval since 1959. Union representative of the Association of Management and Professional Staff. (Ledarna).



Arne Kastö
Union representative since 2000.
Born: 1948.
Employed by Alfa Laval since 1980. Union representative of the Swedish Union of Clerical and Technical Employees in Industry (SIF)



Jan Nilsson
Union representative since 2000.
Born: 1952.
Employed by Alfa Laval since 1974. Union representative of the Swedish Metal Workers Union (Metall).

Deputy employee representatives



Susanna Norrby
Union representative since 2003.
Born: 1967.
Alfa Laval employee since 1992. Union representative of the Swedish Association of Graduate Engineers (CF).

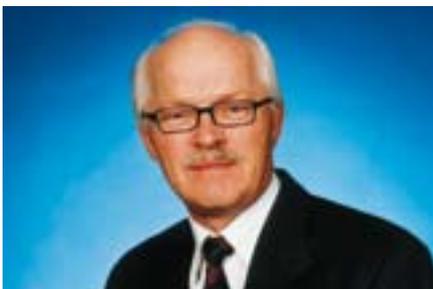
Kalevi Huotari
Deputy member since 2000.
Born: 1951.
Employed by Alfa Laval since 1973. Deputy union representative of the Swedish Metal Workers' Union. (Metall).

Britt Ekman
Deputy member since 2005.
Born: 1960.
Employed by Alfa Laval since 1999. Deputy union representative of the Swedish Association of Graduate Engineers (CF).

Maria Fröberg
Deputy member since 2005.
Born: 1973.
Employed by Alfa Laval since 2001. Deputy union representative of the Swedish Union of Clerical and Technical Employees in Industry (SIF).

Stefan Sandell
Deputy member since 2005.
Born: 1971.
Employed at Alfa Laval since 1989. Deputy union representative of the Association of Management and Professional Staff (Ledarna).

Auditors



Ingvar Ganestam
Authorized Public Accountant, Ernst & Young AB, Malmö
Born: 1949.
Auditor for Alfa Laval since 2000. Re-elected auditor at 2004 Annual General Meeting. Ingvar Ganestam has years of experience in auditing exchanged listed companies and among other assignments is the auditor for Nolato AB, Strålfors AB and the IKEA Group.



Kerstin Mouchard
Authorized Public Accountant, Ernst & Young AB, Malmö
Born: 1952.
Auditor for Alfa Laval since 2004. Elected as auditor at the 2004 Annual General Meeting. Kerstin Mouchard has years of experience in auditing exchanged listed companies and among other assignments is the auditor for Cardo AB and Strålfors AB.

Deputy auditors

Håkan Olsson
Authorized Public Accountant Ernst & Young AB, Malmö.
Born: 1961
Deputy auditor for Alfa Laval since 2000.

Thomas Swensson
Authorized Public Accountant Ernst & Young AB, Malmö
Born: 1957
Deputy auditor for Alfa Laval since 2004.

Group Management



Lars Renström

President and CEO.

Born: 1951.

CEO since October 1, 2004.

Lars Renström served most recently with the publicly listed company Seco Tools AB, where he was President and CEO between 2000 and 2004.

Previously he served as a division manager within Ericsson and Atlas Copco.

Board member of Profilgruppen AB.

Education: BSc Eng and BSc Econ.

Number of shares: 10,100*.



Thomas Thuresson

Executive Vice President, Chief Financial Officer.

Born: 1957.

Employed by Alfa Laval since 1988 and has served in his current role since 1995. Former controller of Flow business area and Group Controller of the Alfa Laval Group.

Boardmember of Dynapac AB.

Education: BSc Econ.

Number of shares: 45,000*.



Göran Mathiasson

President, Operations Division.

Born: 1953.

Employed by Alfa Laval since 1979.

Göran Mathiasson has been president of the Operations Division since April 2003. Previously in charge of Alfa Laval Manufacturing and prior to that, of Thermal Technology, including Research & Development, production development, system development and purchasing.

Education: BSc Eng.

Number of shares: 8,647*.



Svante Karlsson

President, Equipment Division.

Born: 1955.

Employed by Alfa Laval since 1984.

Svante Karlsson has been President of the Equipment Division since 2001. Former head of the Thermal business area. Before that he was President of the Marine and Power business segment.

Education: BSc Econ.

Number of shares: 37,486*.



Ulf Granstrand

President, Process Technology Division.

Born: 1947.

Employed by Alfa Laval since 1975.

President of the Process Technology Division since 2003. Previously responsible for the Operations Division, parts of the regional sales operations and head of the Thermal business area.

Education: BSc Eng.

Number of shares: 73,572*.



Peter Leifland

Executive Vice President in charge of the Western Europe and North America Region.

Born: 1954.

Employed by Alfa Laval since 1985.

Peter Leifland has been a regional manager since 1999. Formerly President of Alfa Laval International Engineering AB.

Board member of Observer AB.

Education: Bachelor of Laws, lic. spec. IMD (PED).

Number of shares : 116,716*.

* Relates to holding at December 31, 2005.



Lars Henriksson
Executive Vice President in charge of the Central and Eastern Europe and Latin America Region.

Born: 1950.
Employed by Alfa Laval since 1977.
Lars Henriksson has been responsible for the Central and Eastern Europe and Latin America Region since September 1, 2004. Prior to this he was president of Alfa Laval Inc. in Canada and held executive positions for Alfa Laval in Sweden, Spain and Brazil.
Education: BSc Eng.
Number of shares: 9,000*.



Ray Field
Executive Vice President in charge of the Asia, Oceania and Middle East Region.

Born: 1954.
Employed by Alfa Laval since 1985.
Ray Field has been responsible for the Asia, Oceania and Middle East Region since September 1, 2004. Prior to this, he served as President of Alfa Laval China for slightly more than 10 years.
Education: BSc Eng.
Number of shares: 13,647*.



Jesper Bulskov
Senior Vice President, Human Resources.

Born: 1956.
Employed by Alfa Laval since 2002.
Jesper Bulskov has been Senior Vice President, Human Resources since January 1, 2005. He was previously responsible for personnel matters within SAS Service Partner (now Gate Gourmet Int.) and Rockwool.
Education: BSc Econ.



Nils Olof Björk
Senior Vice President, Corporate Development.

Born: 1947.
Employed by Alfa Laval since 1975.
Nils Olof Björk has served in his current position since 2002. Previously head of Thermal in Canada, marketing director of Alfa Laval in Lund, head of Alfa Laval Thermal in Asia, Hong Kong, and president of Alfa Laval, Japan.
Board member of Österlens Kraft AB.
Education: M.Sc. Ph.D.
Number of shares in Alfa Laval AB: 15,944*.



Peter Torstensson
Senior Vice President, Corporate Communications.

Born: 1955.
Employed by Alfa Laval since 1999.
Peter Torstensson has served in his current position since joining Alfa Laval in 1999. Formerly president of Borstahusen Informationsdesign.
Member of Advisory Board for Bona Kemi AB.
Number of shares in Alfa Laval AB: 24,000*.