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Notice of SKF Annual General Meeting

Gothenburg, 24 February, 2014: Notice is hereby given that the Annual General Meeting of Aktiebolaget SKF will be held at SKF Kristinedal, Byfogdegatan 4, Göteborg, Sweden, at 13.00 on Friday, 28 March 2014. The doors are open from 11.00. Please note that refreshments will be served, prior to the Annual General Meeting, between 11.00 and 12.15.

Annual General Meeting

For the right to participate at the meeting, shareholders must be recorded in the shareholders' register kept by Euroclear Sweden AB by Friday, 21 March 2014 and must notify the company at the latest on Monday, 24 March 2014 by letter to AB SKF, c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden, or via the company's website www.skf.com, or by phone +46 31 337 25 50 (between 09.00 and 16.00). When notifying the company, preferably in writing, this should include details of name, address, telephone number, registered shareholding and advisors, if any. Where representation is being made by proxy, the original of the proxy form shall be sent to the company before the annual general meeting. Shareholders whose shares are registered in the name of a trustee must have the shares registered temporarily in their own name in order to take part in the meeting. Any such re-registration for the purpose of establishing voting rights shall take place so that the shareholder is recorded in the shareholders' register by Friday, 21 March 2014. This means that the shareholder should give notice of his/her wish to be included in the shareholders' register to the trustee well in advance before that date.

Agenda

1. Opening of the Annual General Meeting.
2. Election of a Chairman for the meeting.
3. Drawing up and approval of the voting list.
4. Approval of agenda.
5. Election of persons to verify the minutes.
6. Consideration of whether the meeting has been duly convened.
7. Presentation of annual report and audit report as well as consolidated accounts and audit report for the Group.
8. Address by the President.
9. Matter of adoption of the income statement and balance sheet and consolidated income statement and consolidated balance sheet.
10. Resolution regarding distribution of profits.
11. Matter of discharge of the Board members and the President from liability.
12. The Board of Directors' proposal concerning amendment of the Articles of Association.
13. Determination of number of Board members and deputy members.
14. Determination of fee for the Board of Directors.
15. Election of Board members and deputy Board members including Chairman of the Board of Directors.

16. Determination of fee for the auditors.
17. The Board of Directors' proposal for a resolution on principles of remuneration for Group Management.
18. The Board of Directors' proposal for a resolution on SKF's Performance Share Programme 2014.
19. Resolution regarding Nomination Committee.

Proposal under item 10

The Board of Directors proposes a dividend for the financial year 2013 of SEK 5.50 per share. It is proposed that shareholders with holdings recorded on Wednesday, 2 April 2014 be entitled to receive the proposed dividend. Subject to resolution by the Annual General Meeting in accordance with this proposal, it is expected that Euroclear will distribute the dividend on Monday, 7 April 2014.

Proposals under items 2, 13, 14, 15 and 16

The Nomination Committee formed according to a resolution of the Annual General Meeting 2013 to represent all shareholders of the company consists of, besides the Chairman of the Board of Directors, representatives of Foundation Asset Management, Alecta, Skandia Liv and AFA Insurance, shareholders who together represent close to 40% of the votes of the total number of company shares. The Nomination Committee has informed the company about the following proposal (in addition, the Nomination Committee has informed the company that the Nomination Committee intends to propose an additional female Board member with industrial background and international experience prior to the Annual General Meeting).

- that Leif Östling is elected Chairman of the Annual General Meeting;
- that the Board of Directors shall consist of ten members and no deputy members. The proposed number of members may be increased to eleven since the Nomination Committee intends to propose an additional Board member;
- that the Board of Directors for the period up to the end of the next Annual General Meeting, receive a fee according to the following:
 - a) a firm allotment of SEK 1,440,000 to the Chairman of the Board of Directors and SEK 495,000 to each of the other Board members elected by the Annual General Meeting and not employed by the company;
 - b) a variable allotment corresponding to the value, calculated as below, of the number of shares in the company of series B the value of which after the Annual General Meeting shall amount to SEK 400,000 to be received by the Chairman and the number of shares in the company of series B the value of which after the Annual General Meeting shall amount to SEK 137,500 to be received by each of the other Board members; and
 - c) an allotment for committee work of SEK 918,000 to be distributed with SEK 210,000 to the chairman of the Audit Committee, with SEK 150,000 to each of the other members of the Audit Committee, with SEK 120,000 to the chairman of the Remuneration Committee and with SEK 96,000 to each of the other members of the Remuneration Committee.

A prerequisite for obtaining an allotment is that the Board member is elected by the Annual General Meeting and not employed by the company.

When deciding upon the variable allotment, (i) the number of shares shall be determined by dividing the amount of SEK 400,000 and SEK 137,500, respectively, with the average latest payment rate of a share of series B according to the quotations on the NASDAQ OMX Stockholm AB during the five trading days immediately following the day on which the share is traded without any right to receive dividend in 2014 and (ii) the value of a share of series B shall be determined at the average latest payment rate according to the quotations on the NASDAQ OMX Stockholm AB during the five trading days after publication of the company's press release for the financial year 2014;

- re-election of the Board members Leif Östling, Ulla Litzén, Tom Johnstone, Lena Treschow Torell, Peter Grafoner, Lars Wedenborn, Joe Loughrey, Jouko Karvinen and Baba Kalyani. It is proposed that Hock Goh is to be newly elected. Leif Östling is proposed to be the Chairman of the Board of Directors. Hock Goh was Operating Partner of Baird Capital Partners Asia, 2005–2012 and has held several senior management positions in Schlumberger Limited, 1995–2005. Hock Goh is the Chairman of the Board of Advent Energy Limited and MEC Resources, member of the Board of Stora Enso Oyj, Santos Australia and BPH Energy. Hock Goh has a Bachelor's degree (honours) in Mechanical Engineering from Monash University, Australia, and has completed the Advanced Management Program at INSEAD (a presentation of the proposed board can be found at the company's website www.skf.com); and
- that the auditor is paid for work performed according to approved invoice.

Proposal under item 12

With reference to the Nomination Committee's intention to propose an additional Board member prior to the Annual General Meeting, the Board of Directors proposes that the Annual General Meeting decides that article 8 of the Articles of Association be amended as follows:

Existing wording

§ 8

In addition to specially-appointed members and deputies, the Company's Board of Directors shall comprise a minimum of five and a maximum of ten members, with a maximum of five deputies.

Proposed wording

§ 8

In addition to specially-appointed members and deputies, the Company's Board of Directors shall comprise a minimum of five and a maximum of twelve members, with a maximum of five deputies.

Proposal under item 17

The Board of Directors has decided to submit the following principles of remuneration for SKF's Group Management to the Annual General Meeting.

Group Management is defined as the President and the other members of the management team.

The Board of Directors' proposal is that the remuneration of Group Management members shall be based on market competitive conditions and at the same time support

the shareholders' best interests. The total remuneration package for a Group Management member shall primarily consist of fixed salary, variable salary, performance shares, pension benefits, conditions for notice of termination and severance pay, and other benefits such as a company car. The objective of the principles of remuneration is to ensure that the SKF Group can attract and retain the best people in order to support the SKF Group's mission and business strategy.

The fixed salary shall be at a market competitive level. Competence, responsibility and performance shall be taken into account when the fixed salary is established.

The variable salary runs according to a performance-based program and the maximum variable salary is capped at a certain percentage of the fixed annual salary varying between 40 and 70%.

The Board of Directors proposes that a decision be taken at the Annual General Meeting on SKF's Performance Share Programme 2014. The programme is proposed to cover not more than 310 senior managers and key employees in the SKF Group with an opportunity to be allotted, free of charge, SKF B shares. (See further item 18 below.)

SKF strives to establish pension plans based on defined contribution models.

A Group Management member may terminate his/her employment by giving six months' notice. In the event of termination of employment at the request of the company, employment shall cease immediately. A severance payment related to the number of years' service shall, however, in this case be paid out, provided that it shall always be maximized to two years' fixed salary.

The Board of Directors also proposes that the Annual General Meeting resolves to authorize the Board of Directors to, in certain cases, deviate from the principles of remuneration decided by the Annual General Meeting.

Proposal under item 18

Background

At the Annual General Meeting in 2008 the SKF Group introduced a long-term performance share programme for senior managers and key employees (SKF's Performance Share Programme 2008). Since 2008 the Annual General Meeting has resolved each year upon a performance share programme. In essence, all the programmes are on the same terms and conditions.

SKF's Performance Share Programme 2014

The Board proposes, in order to continue to link the long-term interests of the participants and the shareholders, that a decision be taken at the Annual General Meeting on SKF's Performance Share Programme 2014. The terms and conditions of the proposed SKF's Performance Share Programme 2014 are in essence the same as the terms and conditions of SKF's previous performance share programmes.

The programme is proposed to cover not more than 310 senior managers and key employees in the SKF Group with an opportunity to be allotted, free of charge, SKF B shares in accordance with the following principal terms and guidelines.

Under the programme, not more than in total 1,000,000 SKF B shares may be allotted. The number of shares that may be allotted must be related to the degree of achievement of the Total Value Added (TVA) target level, as defined by the Board of

Directors, for the financial year 2014, and the TVA development for the financial year 2016 compared to the financial year 2014. TVA is a simplified, economic value-added model promoting greater operating profit, capital efficiency and profitable growth. TVA is the operating profit, less the pre-tax cost of capital in the country in which the business is conducted.

Based on the TVA for the financial year 2014, the participants of the programme may be preliminarily allotted a number of shares per person, however, not exceeding the following number of shares per person within the various key groups:

CEO and President – 10,000 shares
Business area Presidents and Executive Vice President – 5,000 shares
Other members of Group Management – 3,500 shares
Managers of large business units and other senior managers – 1,250 - 1,800 shares

Following the expiry of the financial year 2016 a comparison is made between TVA for the financial year 2014 and TVA for the financial year 2016. The development in TVA between the two financial years is set out in percentage. Final allotment of shares is established by the preliminary number of allotted shares being multiplied with the percentage development in TVA. If the development is positive the participants will thus receive an increased number of shares in final allotment compared to the number preliminarily allotted, whereas if the development is negative the participants will receive a decreased number of shares in final allotment compared to the number preliminarily allotted. Final allotment may, however, never exceed 200% of the preliminarily allotted number of shares per person. The participants in the programme may thus in final allotment receive not more than the following number of shares per person within the various key groups:

CEO and President – 20,000 shares
Business area Presidents and Executive Vice President – 10,000 shares
Other members of Group Management – 7,000 shares
Managers of large business units and other senior managers – 2,500 - 3,600 shares

The participants shall not provide any consideration for their rights under the programme.

Participants shall receive compensation in cash equal to the dividend paid out during the three year calculation period.

Allotment of shares normally requires that the persons covered by the programme are employed in the SKF Group during the entire calculation period. If all the conditions included in SKF's Performance Share Programme 2014 are met, allotment of shares shall be made free of charge following the expiry of the three year calculation period, i.e. during 2017.

The Board of Directors is entitled to introduce an alternative incentive solution for employees in countries where participation in SKF's Performance Share Programme 2014 is not appropriate. Such alternative incentive solution shall, as far as practically possible, be formulated employing the same conditions as SKF's Performance Share Programme 2014.

The company has 455,351,068 shares as per 31 January, 2014. In order to comply with the obligations of SKF's Performance Share Programme 2014, a maximum number of

1,000,000 B shares are required corresponding to approximately 0.2% of the total number of outstanding shares.

Assuming maximum allocation under SKF's Performance Share Programme 2014 and a share price of SEK 150, the cost, including social security cost, is estimated at approximately SEK 180 million. On the basis of a share price of SEK 200, the cost, including social security cost, is estimated at approximately SEK 240 million. In addition the administrative costs are estimated at approximately SEK 2 million.

The Board of Directors does not propose for the time being to take any action to hedge the SKF Group's obligations under the programme. Delivery of shares under the programme shall not take place until 2017.

Majority requirements

A valid resolution in respect of the Board of Directors' proposal at the Annual General Meeting requires that the resolution be supported by shareholders with more than half of the votes cast or, in the event of a tied vote, through the Chairman exercising his casting vote.

Proposal under item 19

The Nomination Committee has informed the company that it will propose to the Annual General Meeting to resolve:

1. that the company shall have a Nomination Committee formed by one representative of each one of the four major shareholders with regard to the number of votes held as well as the Chairman of the Board of Directors. When constituting the Nomination Committee, the shareholdings on the last banking day in August 2014 will determine which shareholders are the largest with regard to the number of votes held. The names of the four shareholder representatives will be published as soon as they have been elected, however not later than six months before the Annual General Meeting in 2015. The Nomination Committee shall remain in office until a new Nomination Committee has been appointed;
2. in the event that the shareholder the member represents would no longer be one of the four major shareholders with regard to the number of votes held, such member, if the Nomination Committee so deems appropriate, may resign and a representative of the shareholder next in turn size-wise with regard to the number of votes held be offered the opportunity of being elected in his/her place;

and in the event that a shareholder representative no longer represents the shareholder, the shareholder is asked to elect a new representative to become a member of the Nomination Committee;

3. that the Nomination Committee is to furnish proposals on the following matters to be presented to, and resolved by, the Annual General Meeting in 2015:
 - a) proposal for Chairman of the Annual General Meeting
 - b) proposal for Board of Directors
 - c) proposal for Chairman of the Board of Directors
 - d) proposal for fee to the Board of Directors
 - e) proposal for fee to the auditor

- f) proposal for a Nomination Committee ahead of the Annual General Meeting of 2015; and
4. that the Nomination Committee, when performing its duties, will fulfil the tasks that rest upon the Nomination Committee under the Swedish Code of Corporate Governance, among other things to supply the company with certain information in order to enable the company to fulfil its information obligation under the code.

Number of shares and votes, and documentation

When this notice is issued, the total number of shares in the company are 455,351,068, represented by 42,420,300 series A shares and 412,930,768 series B shares, with a total number of votes of 80,237,546. The company holds no own shares.

The Board of Directors' complete proposal according to item 17 and 18 of the agenda and the Nomination Committee's reasoned statement are available at the company and at the company's homepage, www.skf.com, and will be sent to shareholders who request this and state their address.

Information at the Annual General Meeting etc.

The Board of Directors and the President shall, upon request by any shareholder and where the Board of Directors believes that it may take place without significant harm to the company, provide information in respect of any circumstances which may affect the assessment of a matter on the agenda, any circumstances which may affect the assessment of the company's or a subsidiary's financial position and the company's relationship to other group companies. Anyone who wishes to dispatch questions in advance may do so to AB SKF, Att. General Counsel, SE-415 50 Göteborg, Sweden, or by e-mail: chairman@skf.com.

SKF's web-based financial report in English will be made public on 5 March 2014.

Proxy forms will be available at the company's homepage, www.skf.com, and may also be requested by letter to AB SKF, c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden or by phone +46 31 337 25 50.

Aktiebolaget SKF
(publ)

The Board of Directors

Visit SKF's factory in Gamlestaden, Gothenburg

Shareholders are welcome to visit SKF's factory in Gamlestaden, Gothenburg, in connection with the Annual General Meeting, directly after the close of the Annual General Meeting, alternatively on 3 April 2014 at 09.00. Please inform the company that you wish to take part in a visit at the same time as you notify that you will be attending the Annual General Meeting. Please note that the number of participants is limited.

SKF is a leading global supplier of bearings, seals, mechatronics, lubrication systems, and services which include technical support, maintenance and reliability services, engineering consulting and training. SKF is represented in more than 130 countries and has around 15,000 distributor locations worldwide. Annual sales in 2013 were SEK 63,597 million and the number of employees was 48,401.

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