

Proposal by the Board of Directors of B&B TOOLS AB (publ) to the Annual General Meeting to be held 27 August 2008 regarding adoption of guidelines for determination of compensation and other terms of employment for the President & CEO and other members of corporate management (item 15)

The Board of Directors strives for an award system for the President & CEO and the other four members of the Group's management team ("Group management") that is in line with market conditions and competitive. For the purpose of creating continuity, the proposal of the Board of Directors below essentially conforms to the compensation principles applied in prior years and is based on agreements already in force between B&B TOOLS AB and the respective associate.

The Compensation Committee prepares proposals to the Board of Directors for the formulation of a compensation structure based on the guidelines adopted by the Annual General Meeting. The Committee consists of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors and the President & CEO. The President & CEO does not participate in proposals for his own compensation. Based on the preparatory proposal of the Compensation Committee, the Board of Directors makes decisions regarding compensation to the President. The Compensation Committee makes decisions regarding compensation to other members of Group management.

The Board of Directors proposes that the guidelines set out below for determination of compensation and other terms of employment for Group management be adopted.

Guidelines proposed by the Board of Directors

For the Board of Directors, it is crucial that the Company will be able to recruit, provide long-term motivation and retain competent employees who create long and short-term shareholder value. To achieve this goal, it is important that the Company is able to offer competitive terms. The Company's compensation levels and compensation structure for members of Group management shall be in line with market conditions. The total compensation package for the individuals in question should comprise a balanced combination of fixed salary, variable compensation, long-term incentive programmes, pension benefits and other benefits. Variable compensation and long-term incentive programmes should primarily be linked to the Group's earnings and value development.

- Fixed salary shall be adjusted to market conditions and be based on responsibility, competence and performance. Fixed salary is established based on market principles and is reviewed annually.
- Variable compensation shall be in relation to fixed salary and set as a function of the Group's earnings.
- Members of Group management shall be included in a long-term incentive programme ("LTI programme"). Variable compensation based on the LTI programme is payable annually as a function of the Group's earnings development in a maximum amount of 20 percent of the value of the personal shareholding covered by the programme. All members of Group management are covered by existing share-related incentive programmes.
- Pension benefits shall comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable compensation and age. Certain individual adjustments occur. The retirement age for Group management is currently 65 years.

- Other benefits shall be in line with market conditions and help facilitate the member of senior management's ability to perform his or her duties.
- In the event of termination of employment at the initiative of the President & CEO or another member of Group management, the period of notice is six months. In the event of termination of employment at the initiative of the Company, the period of notice shall be a maximum of 12 months. Severance pay may amount to a maximum of 12 months' salary.

The Board is entitled to deviate from the above guidelines in individual cases if special reasons exist.

These guidelines are intended to apply to agreements with the President & CEO and other members of Group management entered into during 2008/2009.