

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2018</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here. ▶ ☐	
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>SKF USA INC. 401(K) RETIREMENT AND SAVINGS PLAN</u>	1b Three-digit plan number (PN) ▶	<u>005</u>	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>SKF USA INC.</u> <u>890 FORTY FOOT RD</u> <u>LANSDALE, PA 19446</u>		1c Effective date of plan <u>01/01/1985</u>	
		2b Employer Identification Number (EIN) <u>23-1043740</u>	
		2c Plan Sponsor's telephone number <u>267-436-6000</u>	
		2d Business code (see instructions) <u>336300</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2019	RAYMOND L EAMES III, VICE PRESIDENT
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2018)
v. 171027

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 4410
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 3218 6a(2) 3204 6b 10 6c 1330 6d 4544 6e 23 6f 4567 6g 4279 6h 160
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3F b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection.

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan SKF USA INC. 401(K) RETIREMENT AND SAVINGS PLAN	B Three-digit plan number (PN) ▶	005
C Plan sponsor's name as shown on line 2a of Form 5500 SKF USA INC.	D Employer Identification Number (EIN) 23-1043740	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
THE VANGUARD GROUP, INC.
23-1945930

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 16 25 26 37 52	NONE	472235	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
FRANKLIN TEMPLETON DISTRIBUTORS 94-2990534	15 BPS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE VANGUARD GROUP, INC.	99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
DODGE AND COX 94-1441976	8 BPS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>SKF USA INC. 401(K) RETIREMENT AND SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>005</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>SKF USA INC.</u>	D Employer Identification Number (EIN) <u>23-1043740</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT SAVINGS TR III</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>38-7041744-024</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>56382505</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT INCOME TR II</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>90-6083967-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3453802</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT 2015 TR II</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>90-6083984-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>8651525</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT 2020 TR II</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>90-6083982-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>27305094</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT 2025 TR II</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>90-6083980-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>44820262</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT 2030 TR II</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>90-6083978-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>35145446</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD RETIREMENT 2035 TR II</u>				
b Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u>				
c EIN-PN <u>90-6083976-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>25612771</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT 2040 TR II

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN 90-6083974-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17344293
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a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT 2045 TR II

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN 90-6083972-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11866842
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a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT 2050 TR II

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN 90-6083970-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 7550850
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a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT 2055 TR II

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN 27-6715091-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5475930
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a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT 2060 TR II

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN 45-3799419-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1106711
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a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT 2065 TR II

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN 82-6194314-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 176057
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection
For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan SKF USA INC. 401(K) RETIREMENT AND SAVINGS PLAN	B Three-digit plan number (PN) ►	005
C Plan sponsor's name as shown on line 2a of Form 5500 SKF USA INC.	D Employer Identification Number (EIN) 23-1043740	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	7661339	8104411
(9) Value of interest in common/collective trusts	1c(9)	246347583	244892088
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	360576430	329626801
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	614585352	582623300

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	614585352	582623300
---	-----------	-----------	-----------

Part II Income and Expense Statement

- 2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	25968029	
(B) Participants	2a(1)(B)	23844616	
(C) Others (including rollovers)	2a(1)(C)	7881471	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		57694116
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	394579	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		394579
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	20233501	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		20233501
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		-10447290
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-37527423
c Other income.....	2c		1750
d Total income. Add all income amounts in column (b) and enter total	2d		30349233

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	61776814	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		61776814
f Corrective distributions (see instructions)	2f		564
g Certain deemed distributions of participant loans (see instructions)	2g		81801
h Interest expense	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other	2i(4)	453625	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		453625
j Total expenses. Add all expense amounts in column (b) and enter total	2j		62312804

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-31963571
l Transfers of assets:			
(1) To this plan.....	2l(1)		9658
(2) From this plan.....	2l(2)		8139

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **BAKER TILLY VIRCHOW KRAUSE**

(2) EIN: **39-0859910**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
4d		X	
e Was this plan covered by a fidelity bond?	X		1000000
4e	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	X		
4m	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	X		
4n	X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
SKF USA INC. 401(K) RETIREMENT AND SAVINGS PLAN FOR UNION EMPLOYEES	23-1043740	015

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>SKF USA INC. 401(K) RETIREMENT AND SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SKF USA INC.</u>	D Employer Identification Number (EIN) <u>23-1043740</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>23-2186884</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2018
v. 171027

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year

b The corresponding number for the second preceding plan year

15a**15b**

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers

16a**16b**

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____ % Investment-Grade Debt: _____ % High-Yield Debt: _____ % Real Estate: _____ % Other: _____ %

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

SKF USA Inc.
401(k) Retirement and Savings Plan

Financial Statements and
Supplementary Information

December 31, 2018 and 2017



SKF USA Inc. 401(k) Retirement and Savings Plan

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December 31, 2018 and 2017

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Independent Auditors' Report

To the SKF USA Inc. Benefits Committee and Participants of
SKF USA Inc. 401(k) Retirement and Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the SKF USA Inc. 401(k) Retirement and Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018 and 2017 and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018 is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
October 10, 2019

SKF USA Inc. 401(k) Retirement and Savings Plan

Statements of Net Assets Available for Benefits

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Investments at fair value	\$ 574,518,889	\$ 606,924,013
Notes receivable from participants	<u>8,263,787</u>	<u>7,779,622</u>
Total assets	582,782,676	614,703,635
Liabilities	<u>-</u>	<u>-</u>
Net assets available for benefits	<u>\$ 582,782,676</u>	<u>\$ 614,703,635</u>

See notes to financial statements

SKF USA Inc. 401(k) Retirement and Savings Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Investment (loss) income:		
Interest and dividends	\$ 21,437,635	\$ 17,360,420
Net (depreciation) appreciation in fair value of investments	(49,177,097)	69,809,050
Net investment (loss) income	(27,739,462)	87,169,470
Contributions:		
Employer	25,968,029	25,011,207
Participants	23,844,616	22,350,656
Rollover	7,881,471	7,813,348
Total contributions	57,694,116	55,175,211
Interest income on notes receivable from participants	394,579	329,768
Total additions	30,349,233	142,674,449
Deductions		
Benefits paid to participants	61,818,086	56,514,503
Administrative expenses	453,625	220,105
Total deductions	62,271,711	56,734,608
Net Transfers (Note 11)	1,519	(104,866)
Net (decrease) increase	(31,920,959)	85,834,975
Net Assets Available for Benefits		
Beginning of year	614,703,635	528,868,660
End of year	<u>\$ 582,782,676</u>	<u>\$ 614,703,635</u>

See notes to financial statements

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

1. Description of the Plan

The following description of the SKF USA Inc. 401(k) Retirement and Savings Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that commenced January 1, 1985. It covers all salaried and nonunion employees of SKF USA Inc. (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

The Plan has been amended to provide technical legal changes and the following substantive changes:

The Plan was amended and restated effective January 1, 2016.

The Plan was amended effective December 31, 2016 to allow for the merger of the Kaydon Corporation Employee Stock Ownership and Thrift Plan ("Kaydon Plan"). During 2013, the Company acquired Kaydon Corporation and became the plan sponsor of the Kaydon Plan.

The Plan was amended effective January 1, 2017 to change the name from the SKF USA Inc. Pre-Tax Accumulation of Capital for Employees Plan Single Plan A to the SKF USA Inc. 401(k) Retirement and Savings Plan.

The Plan was amended effective January 1, 2017 to change the Company match from 50 percent on the first 6 percent of employee contributions to 100 percent of the first 5 percent of employee contributions, add an automatic company contribution feature in the amount equal of 5 percent of a participant's earnings and change the automatic enrollment deferral rate from 3 percent of eligible compensation to 5 percent.

The Plan was amended effective January 1, 2019 to approve the merger of the PEER Bearing Company Employees Profit Sharing Trust Plan into the Plan.

Contributions

Each year, participants may contribute 2 percent to 50 percent of pre-tax annual compensation, as defined by the Plan up to the maximum limits of the Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also transfer amounts representing eligible distributions from other qualified plans (rollover). The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 5 percent of eligible compensation and their contributions invested in a designated balanced fund until changed by the participant. The Company matches 100 percent on the first 5 percent of participant contributions and contributes an additional automatic 5 percent for each eligible participant. Participants direct the investment of all contributions into various investment options offered by the Plan.

Participant contributions are recorded in the period during which the Company makes payroll deductions from the employee's eligible wages. Matching contributions are recorded in the same period. Certain participants, as defined, are eligible to receive an annual discretionary Company contribution. There were no discretionary contributions made for the plan years ended December 31, 2018 and 2017.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

Participant Accounts

Each participant's account is credited with the participant's contribution and the Company's matching, automatic and discretionary contributions, as applicable, and an allocation of the Plan's earnings. Participants are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions and in their matching Company contributions and vest in their discretionary and automatic Company contributions after three years of credited service, if applicable, and actual earnings thereon.

Payment of Benefits

In event of death, disability, termination or retirement, a participant or beneficiary may elect to receive a lump-sum payment equal to the vested value of the participant's account, roll over the balance into an Individual Retirement Account ("IRA") or other qualified plan, or maintain the balance in the Plan until the April 1st following the year in which the participant reaches age 70.5, if the balance is greater than \$5,000. If the balance is greater than \$1,000, but less than \$5,000, and the participant has not made an election, the Plan will roll over the account into an IRA. If the balance is less than \$1,000, the Plan will automatically distribute the account balance to the participant. The Plan provides that under certain restricted conditions, participants may withdraw their vested account balance, or portion thereof without penalty, in accordance with the IRC.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of 50 percent of their vested account balance or \$50,000, whichever is less. A fixed rate of interest adjusted monthly is determined by the prime rate of interest plus 1 percent (ranging from 4.25 percent to 10 percent at December 31, 2018) as published on the first of the month in the Wall Street Journal. Interest payments are credited to the participant's account when received. Notes are secured by the balance in the participant's account. Principal and interest is paid ratably through payroll deductions. Terms range from one to five years or greater for the purchase of a primary residence.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the non-vested portion of the participant's account, as defined, represents a forfeiture. Company contributions that are forfeited are used to reduce the amount of future Company contributions. At December 31, 2018 and 2017, available forfeited non-vested accounts totaled \$870,964 and \$676,536, respectively. In 2018 and 2017, \$79,374 and \$48,059 in forfeitures were used to offset the Company discretionary contribution, respectively.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Pension and Benefits Committee determines the Plan's valuation policies utilizing information provided by the trustee. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and expensed when they are incurred. Interest income is recorded on the accrual basis. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net (depreciation) appreciation of fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Standard

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, Fair Value Measurement. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is currently assessing the impact that ASU No. 2018-13 will have on the Plan's financial statements.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through October 10, 2019, the date the financial statements were available to be issued.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Money market fund is valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

The collective trusts are valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trusts, the investment adviser reserves the right to temporarily delay withdrawal from the trusts in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 871,098	\$ -	\$ -	\$ 871,098
Mutual funds	328,755,704	-	-	328,755,704
Total assets in fair value hierarchy	<u>\$ 329,626,802</u>	<u>\$ -</u>	<u>\$ -</u>	329,626,802
Investments measured at net asset value (a)				<u>244,892,087</u>
Total investments at fair value				<u>\$ 574,518,889</u>
Assets at Fair Value as of December 31, 2017				
Money market fund	\$ 676,671	\$ -	\$ -	\$ 676,671
Mutual funds	359,899,760	-	-	359,899,760
Total assets in fair value hierarchy	<u>\$ 360,576,431</u>	<u>\$ -</u>	<u>\$ -</u>	360,576,431
Investments measured at net asset value (a)				<u>246,347,582</u>
Total investments at fair value				<u>\$ 606,924,013</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Net Assets Available for Benefits.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

Investments Measured Using NAV per Shares Practical Expedient

The following table summarizes investments for which fair value is measured using NAV per share practical expedient as of December 31, 2018 and 2017, respectively. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

	December 31, 2018			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Vanguard Retirement Savings Trust III	\$ 56,382,505	None	Daily	N/A
Target retirement trusts	188,509,582	None	Daily	N/A
	December 31, 2017			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Vanguard Retirement Savings Trust	\$ 49,337,832	None	Daily	N/A
Target retirement trusts	197,009,750	None	Daily	N/A

4. Administration of Plan Assets

The Plan's assets are administered under a contract with Vanguard Fiduciary Trust Company ("Vanguard"), the trustee of the Plan. The trustee invests funds received from contributions, investment sales, interest, and dividend income and makes distribution payments to participants.

5. Related Party and Party In Interest Transactions

Certain of the Plan's investments are managed by the Vanguard Group, an affiliate of Vanguard, the trustee. Fees incurred by the Plan for the investment manager services are included in net (depreciation) appreciation in the fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. Additionally, the Plan issues loans to participants, which are secured by the participant's account balances. These transactions qualify as related party and party in interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

6. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100 percent vested in Company discretionary and automatic contributions.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

7. Tax Status

The IRS has determined and informed the Company by a letter, dated December 16, 2013, that the Plan is designed and in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is designed and is currently being operated in accordance with the applicable requirements of the IRC. As a result, the plan administrator believes that the Plan is qualified and the trust is tax exempt.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits. As of December 31, 2018 and 2017, the Plan had investments of \$77,051,207 and \$89,902,796, respectively, that were concentrated in one fund and two funds, respectively.

9. Information Certified by Trustee

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under ERISA for 2018 and 2017. Accordingly, Vanguard, the trustee of the Plan, has certified to the completeness and accuracy of all investments reported in the accompanying Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017, and the supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment activity reported in the Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2018 and 2017.

10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits on the financial statements to Form 5500 at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net assets available for benefits on the financial statements	\$ 582,782,676	\$ 614,703,635
Deemed distributions	<u>(159,376)</u>	<u>(118,283)</u>
Net assets available for benefits on Form 5500	<u>\$ 582,623,300</u>	<u>\$ 614,585,352</u>

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

The following is a reconciliation of the decrease in net assets available for benefits on the financial statements to Form 5500 for the year ended December 31, 2018:

Decrease in net assets available for benefits on the financial statements	\$ (31,920,959)
Change in deemed distributions at December 31	<u>(41,093)</u>
Total decrease in net assets available for benefits on Form 5500	<u>\$ (31,962,052)</u>

11. Transfers

During 2018 and 2017, \$9,658 and \$2,696, respectively, of plan assets were transferred into the Plan from the SKF USA Inc. 401(k) Retirement and Savings Plan for Union Employees. During 2018 and 2017, \$8,139 and \$0, respectively, was transferred out of the Plan to the SKF USA Inc. 401(k) Retirement and Savings Plan for Union Employees. Also included in net transfers during 2017 are \$107,562 of transfers to another plan where the trustee is Vanguard.

SKF USA Inc. 401(k) Retirement and Savings Plan

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)

EIN: 23-1043740 Plan No.: 005

December 31, 2018

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Investments				
*	Money market fund	Vanguard Prime Money Market Fund	N/R	\$ 871,098
	Mutual funds	Artisan International Fund; Institutional Shares	N/R	567,236
		William Blair Emerging Markets Fund	N/R	1,077,160
		Templeton Global Bond Fund	N/R	1,946,785
		Hartford Schroders US Sm Cap Opport Fund	N/R	2,284,389
		AMG Managers Fairpointe Mid Cap Fund	N/R	2,577,911
		MFS International Value Fund	N/R	2,702,440
*		Vanguard Materials Index Fund Admiral Shares	N/R	2,796,858
		Deutsche Real Estate Securities Fund	N/R	3,438,894
		Dodge & Cox Income Fund	N/R	8,056,328
*		Vanguard Small-Cap Index Fund Admiral Shares	N/R	14,531,379
*		Vanguard U.S. Growth Fund Admiral Shares	N/R	20,962,571
*		Vanguard Mid-Cap Index Fund Admiral Shares	N/R	21,236,890
*		Vanguard Institutional Index Fund	N/R	28,287,568
*		Vanguard Developed Markets Index Fund Admiral Shares	N/R	28,548,802
*		Vanguard Total Bond Market Index Fund Admiral Shares	N/R	29,435,329
*		Vanguard Windsor II Fund Admiral Shares	N/R	37,493,371
*		Vanguard Wellington Fund Admiral Shares	N/R	45,760,586
*		Vanguard PRIMECAP Fund Admiral Shares	N/R	77,051,207
*	Collective trusts	Vanguard Retirement Savings Trust III	N/R	56,382,505
*		Vanguard Target Retirement 2015 Trust II	N/R	8,651,525
*		Vanguard Target Retirement 2020 Trust II	N/R	27,305,094
*		Vanguard Target Retirement 2025 Trust II	N/R	44,820,262
*		Vanguard Target Retirement 2030 Trust II	N/R	35,145,445
*		Vanguard Target Retirement 2035 Trust II	N/R	25,612,771
*		Vanguard Target Retirement 2040 Trust II	N/R	17,344,293
*		Vanguard Target Retirement 2045 Trust II	N/R	11,866,842
*		Vanguard Target Retirement 2050 Trust II	N/R	7,550,850
*		Vanguard Target Retirement 2055 Trust II	N/R	5,475,930
*		Vanguard Target Retirement 2060 Trust II	N/R	1,106,711
*		Vanguard Target Retirement 2065 Trust II	N/R	176,057
*		Vanguard Target Retirement Income Trust II	N/R	3,453,802
*	Notes Receivable from Participants	Loan fund (interest rates from 4.25% to 10%)	\$0	8,263,787
				<u>\$ 582,782,676</u>

* A party in interest as defined by ERISA

N/R - participant directed investment, cost not required to be reported

SKF USA Inc.
401(k) Retirement and Savings Plan

Financial Statements and
Supplementary Information

December 31, 2018 and 2017



SKF USA Inc. 401(k) Retirement and Savings Plan

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December 31, 2018 and 2017

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Independent Auditors' Report

To the SKF USA Inc. Benefits Committee and Participants of
SKF USA Inc. 401(k) Retirement and Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the SKF USA Inc. 401(k) Retirement and Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018 and 2017 and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018 is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
October 10, 2019

SKF USA Inc. 401(k) Retirement and Savings Plan

Statements of Net Assets Available for Benefits

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Investments at fair value	\$ 574,518,889	\$ 606,924,013
Notes receivable from participants	<u>8,263,787</u>	<u>7,779,622</u>
Total assets	582,782,676	614,703,635
Liabilities	<u>-</u>	<u>-</u>
Net assets available for benefits	<u>\$ 582,782,676</u>	<u>\$ 614,703,635</u>

See notes to financial statements

SKF USA Inc. 401(k) Retirement and Savings Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Investment (loss) income:		
Interest and dividends	\$ 21,437,635	\$ 17,360,420
Net (depreciation) appreciation in fair value of investments	(49,177,097)	69,809,050
Net investment (loss) income	(27,739,462)	87,169,470
Contributions:		
Employer	25,968,029	25,011,207
Participants	23,844,616	22,350,656
Rollover	7,881,471	7,813,348
Total contributions	57,694,116	55,175,211
Interest income on notes receivable from participants	394,579	329,768
Total additions	30,349,233	142,674,449
Deductions		
Benefits paid to participants	61,818,086	56,514,503
Administrative expenses	453,625	220,105
Total deductions	62,271,711	56,734,608
Net Transfers (Note 11)	1,519	(104,866)
Net (decrease) increase	(31,920,959)	85,834,975
Net Assets Available for Benefits		
Beginning of year	614,703,635	528,868,660
End of year	<u>\$ 582,782,676</u>	<u>\$ 614,703,635</u>

See notes to financial statements

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

1. Description of the Plan

The following description of the SKF USA Inc. 401(k) Retirement and Savings Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that commenced January 1, 1985. It covers all salaried and nonunion employees of SKF USA Inc. (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

The Plan has been amended to provide technical legal changes and the following substantive changes:

The Plan was amended and restated effective January 1, 2016.

The Plan was amended effective December 31, 2016 to allow for the merger of the Kaydon Corporation Employee Stock Ownership and Thrift Plan ("Kaydon Plan"). During 2013, the Company acquired Kaydon Corporation and became the plan sponsor of the Kaydon Plan.

The Plan was amended effective January 1, 2017 to change the name from the SKF USA Inc. Pre-Tax Accumulation of Capital for Employees Plan Single Plan A to the SKF USA Inc. 401(k) Retirement and Savings Plan.

The Plan was amended effective January 1, 2017 to change the Company match from 50 percent on the first 6 percent of employee contributions to 100 percent of the first 5 percent of employee contributions, add an automatic company contribution feature in the amount equal of 5 percent of a participant's earnings and change the automatic enrollment deferral rate from 3 percent of eligible compensation to 5 percent.

The Plan was amended effective January 1, 2019 to approve the merger of the PEER Bearing Company Employees Profit Sharing Trust Plan into the Plan.

Contributions

Each year, participants may contribute 2 percent to 50 percent of pre-tax annual compensation, as defined by the Plan up to the maximum limits of the Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also transfer amounts representing eligible distributions from other qualified plans (rollover). The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 5 percent of eligible compensation and their contributions invested in a designated balanced fund until changed by the participant. The Company matches 100 percent on the first 5 percent of participant contributions and contributes an additional automatic 5 percent for each eligible participant. Participants direct the investment of all contributions into various investment options offered by the Plan.

Participant contributions are recorded in the period during which the Company makes payroll deductions from the employee's eligible wages. Matching contributions are recorded in the same period. Certain participants, as defined, are eligible to receive an annual discretionary Company contribution. There were no discretionary contributions made for the plan years ended December 31, 2018 and 2017.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

Participant Accounts

Each participant's account is credited with the participant's contribution and the Company's matching, automatic and discretionary contributions, as applicable, and an allocation of the Plan's earnings. Participants are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions and in their matching Company contributions and vest in their discretionary and automatic Company contributions after three years of credited service, if applicable, and actual earnings thereon.

Payment of Benefits

In event of death, disability, termination or retirement, a participant or beneficiary may elect to receive a lump-sum payment equal to the vested value of the participant's account, roll over the balance into an Individual Retirement Account ("IRA") or other qualified plan, or maintain the balance in the Plan until the April 1st following the year in which the participant reaches age 70.5, if the balance is greater than \$5,000. If the balance is greater than \$1,000, but less than \$5,000, and the participant has not made an election, the Plan will roll over the account into an IRA. If the balance is less than \$1,000, the Plan will automatically distribute the account balance to the participant. The Plan provides that under certain restricted conditions, participants may withdraw their vested account balance, or portion thereof without penalty, in accordance with the IRC.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of 50 percent of their vested account balance or \$50,000, whichever is less. A fixed rate of interest adjusted monthly is determined by the prime rate of interest plus 1 percent (ranging from 4.25 percent to 10 percent at December 31, 2018) as published on the first of the month in the Wall Street Journal. Interest payments are credited to the participant's account when received. Notes are secured by the balance in the participant's account. Principal and interest is paid ratably through payroll deductions. Terms range from one to five years or greater for the purchase of a primary residence.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the non-vested portion of the participant's account, as defined, represents a forfeiture. Company contributions that are forfeited are used to reduce the amount of future Company contributions. At December 31, 2018 and 2017, available forfeited non-vested accounts totaled \$870,964 and \$676,536, respectively. In 2018 and 2017, \$79,374 and \$48,059 in forfeitures were used to offset the Company discretionary contribution, respectively.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Pension and Benefits Committee determines the Plan's valuation policies utilizing information provided by the trustee. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and expensed when they are incurred. Interest income is recorded on the accrual basis. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net (depreciation) appreciation of fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Standard

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, Fair Value Measurement. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is currently assessing the impact that ASU No. 2018-13 will have on the Plan's financial statements.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through October 10, 2019, the date the financial statements were available to be issued.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Money market fund is valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

The collective trusts are valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trusts, the investment adviser reserves the right to temporarily delay withdrawal from the trusts in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 871,098	\$ -	\$ -	\$ 871,098
Mutual funds	328,755,704	-	-	328,755,704
Total assets in fair value hierarchy	<u>\$ 329,626,802</u>	<u>\$ -</u>	<u>\$ -</u>	329,626,802
Investments measured at net asset value (a)				<u>244,892,087</u>
Total investments at fair value				<u>\$ 574,518,889</u>
Assets at Fair Value as of December 31, 2017				
Money market fund	\$ 676,671	\$ -	\$ -	\$ 676,671
Mutual funds	359,899,760	-	-	359,899,760
Total assets in fair value hierarchy	<u>\$ 360,576,431</u>	<u>\$ -</u>	<u>\$ -</u>	360,576,431
Investments measured at net asset value (a)				<u>246,347,582</u>
Total investments at fair value				<u>\$ 606,924,013</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Net Assets Available for Benefits.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

Investments Measured Using NAV per Shares Practical Expedient

The following table summarizes investments for which fair value is measured using NAV per share practical expedient as of December 31, 2018 and 2017, respectively. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

	December 31, 2018			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Vanguard Retirement Savings Trust III	\$ 56,382,505	None	Daily	N/A
Target retirement trusts	188,509,582	None	Daily	N/A
	December 31, 2017			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Vanguard Retirement Savings Trust	\$ 49,337,832	None	Daily	N/A
Target retirement trusts	197,009,750	None	Daily	N/A

4. Administration of Plan Assets

The Plan's assets are administered under a contract with Vanguard Fiduciary Trust Company ("Vanguard"), the trustee of the Plan. The trustee invests funds received from contributions, investment sales, interest, and dividend income and makes distribution payments to participants.

5. Related Party and Party In Interest Transactions

Certain of the Plan's investments are managed by the Vanguard Group, an affiliate of Vanguard, the trustee. Fees incurred by the Plan for the investment manager services are included in net (depreciation) appreciation in the fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. Additionally, the Plan issues loans to participants, which are secured by the participant's account balances. These transactions qualify as related party and party in interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

6. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100 percent vested in Company discretionary and automatic contributions.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

7. Tax Status

The IRS has determined and informed the Company by a letter, dated December 16, 2013, that the Plan is designed and in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is designed and is currently being operated in accordance with the applicable requirements of the IRC. As a result, the plan administrator believes that the Plan is qualified and the trust is tax exempt.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits. As of December 31, 2018 and 2017, the Plan had investments of \$77,051,207 and \$89,902,796, respectively, that were concentrated in one fund and two funds, respectively.

9. Information Certified by Trustee

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under ERISA for 2018 and 2017. Accordingly, Vanguard, the trustee of the Plan, has certified to the completeness and accuracy of all investments reported in the accompanying Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017, and the supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment activity reported in the Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2018 and 2017.

10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits on the financial statements to Form 5500 at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net assets available for benefits on the financial statements	\$ 582,782,676	\$ 614,703,635
Deemed distributions	<u>(159,376)</u>	<u>(118,283)</u>
Net assets available for benefits on Form 5500	<u>\$ 582,623,300</u>	<u>\$ 614,585,352</u>

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

The following is a reconciliation of the decrease in net assets available for benefits on the financial statements to Form 5500 for the year ended December 31, 2018:

Decrease in net assets available for benefits on the financial statements	\$ (31,920,959)
Change in deemed distributions at December 31	<u>(41,093)</u>
Total decrease in net assets available for benefits on Form 5500	<u>\$ (31,962,052)</u>

11. Transfers

During 2018 and 2017, \$9,658 and \$2,696, respectively, of plan assets were transferred into the Plan from the SKF USA Inc. 401(k) Retirement and Savings Plan for Union Employees. During 2018 and 2017, \$8,139 and \$0, respectively, was transferred out of the Plan to the SKF USA Inc. 401(k) Retirement and Savings Plan for Union Employees. Also included in net transfers during 2017 are \$107,562 of transfers to another plan where the trustee is Vanguard.

SKF USA Inc. 401(k) Retirement and Savings Plan

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)

EIN: 23-1043740 Plan No.: 005

December 31, 2018

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Investments				
*	Money market fund	Vanguard Prime Money Market Fund	N/R	\$ 871,098
	Mutual funds	Artisan International Fund; Institutional Shares	N/R	567,236
		William Blair Emerging Markets Fund	N/R	1,077,160
		Templeton Global Bond Fund	N/R	1,946,785
		Hartford Schroders US Sm Cap Opport Fund	N/R	2,284,389
		AMG Managers Fairpointe Mid Cap Fund	N/R	2,577,911
		MFS International Value Fund	N/R	2,702,440
*		Vanguard Materials Index Fund Admiral Shares	N/R	2,796,858
		Deutsche Real Estate Securities Fund	N/R	3,438,894
		Dodge & Cox Income Fund	N/R	8,056,328
*		Vanguard Small-Cap Index Fund Admiral Shares	N/R	14,531,379
*		Vanguard U.S. Growth Fund Admiral Shares	N/R	20,962,571
*		Vanguard Mid-Cap Index Fund Admiral Shares	N/R	21,236,890
*		Vanguard Institutional Index Fund	N/R	28,287,568
*		Vanguard Developed Markets Index Fund Admiral Shares	N/R	28,548,802
*		Vanguard Total Bond Market Index Fund Admiral Shares	N/R	29,435,329
*		Vanguard Windsor II Fund Admiral Shares	N/R	37,493,371
*		Vanguard Wellington Fund Admiral Shares	N/R	45,760,586
*		Vanguard PRIMECAP Fund Admiral Shares	N/R	77,051,207
*	Collective trusts	Vanguard Retirement Savings Trust III	N/R	56,382,505
*		Vanguard Target Retirement 2015 Trust II	N/R	8,651,525
*		Vanguard Target Retirement 2020 Trust II	N/R	27,305,094
*		Vanguard Target Retirement 2025 Trust II	N/R	44,820,262
*		Vanguard Target Retirement 2030 Trust II	N/R	35,145,445
*		Vanguard Target Retirement 2035 Trust II	N/R	25,612,771
*		Vanguard Target Retirement 2040 Trust II	N/R	17,344,293
*		Vanguard Target Retirement 2045 Trust II	N/R	11,866,842
*		Vanguard Target Retirement 2050 Trust II	N/R	7,550,850
*		Vanguard Target Retirement 2055 Trust II	N/R	5,475,930
*		Vanguard Target Retirement 2060 Trust II	N/R	1,106,711
*		Vanguard Target Retirement 2065 Trust II	N/R	176,057
*		Vanguard Target Retirement Income Trust II	N/R	3,453,802
*	Notes Receivable from Participants	Loan fund (interest rates from 4.25% to 10%)	\$0	8,263,787
				<u>\$ 582,782,676</u>

* A party in interest as defined by ERISA

N/R - participant directed investment, cost not required to be reported

SKF USA Inc.
401(k) Retirement and Savings Plan

Financial Statements and
Supplementary Information

December 31, 2018 and 2017



SKF USA Inc. 401(k) Retirement and Savings Plan

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December 31, 2018 and 2017

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Independent Auditors' Report

To the SKF USA Inc. Benefits Committee and Participants of
SKF USA Inc. 401(k) Retirement and Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the SKF USA Inc. 401(k) Retirement and Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018 and 2017 and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018 is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
October 10, 2019

SKF USA Inc. 401(k) Retirement and Savings Plan

Statements of Net Assets Available for Benefits

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Investments at fair value	\$ 574,518,889	\$ 606,924,013
Notes receivable from participants	<u>8,263,787</u>	<u>7,779,622</u>
Total assets	582,782,676	614,703,635
Liabilities	<u>-</u>	<u>-</u>
Net assets available for benefits	<u>\$ 582,782,676</u>	<u>\$ 614,703,635</u>

See notes to financial statements

SKF USA Inc. 401(k) Retirement and Savings Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Investment (loss) income:		
Interest and dividends	\$ 21,437,635	\$ 17,360,420
Net (depreciation) appreciation in fair value of investments	(49,177,097)	69,809,050
Net investment (loss) income	(27,739,462)	87,169,470
Contributions:		
Employer	25,968,029	25,011,207
Participants	23,844,616	22,350,656
Rollover	7,881,471	7,813,348
Total contributions	57,694,116	55,175,211
Interest income on notes receivable from participants	394,579	329,768
Total additions	30,349,233	142,674,449
Deductions		
Benefits paid to participants	61,818,086	56,514,503
Administrative expenses	453,625	220,105
Total deductions	62,271,711	56,734,608
Net Transfers (Note 11)	1,519	(104,866)
Net (decrease) increase	(31,920,959)	85,834,975
Net Assets Available for Benefits		
Beginning of year	614,703,635	528,868,660
End of year	<u>\$ 582,782,676</u>	<u>\$ 614,703,635</u>

See notes to financial statements

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

1. Description of the Plan

The following description of the SKF USA Inc. 401(k) Retirement and Savings Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that commenced January 1, 1985. It covers all salaried and nonunion employees of SKF USA Inc. (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

The Plan has been amended to provide technical legal changes and the following substantive changes:

The Plan was amended and restated effective January 1, 2016.

The Plan was amended effective December 31, 2016 to allow for the merger of the Kaydon Corporation Employee Stock Ownership and Thrift Plan ("Kaydon Plan"). During 2013, the Company acquired Kaydon Corporation and became the plan sponsor of the Kaydon Plan.

The Plan was amended effective January 1, 2017 to change the name from the SKF USA Inc. Pre-Tax Accumulation of Capital for Employees Plan Single Plan A to the SKF USA Inc. 401(k) Retirement and Savings Plan.

The Plan was amended effective January 1, 2017 to change the Company match from 50 percent on the first 6 percent of employee contributions to 100 percent of the first 5 percent of employee contributions, add an automatic company contribution feature in the amount equal of 5 percent of a participant's earnings and change the automatic enrollment deferral rate from 3 percent of eligible compensation to 5 percent.

The Plan was amended effective January 1, 2019 to approve the merger of the PEER Bearing Company Employees Profit Sharing Trust Plan into the Plan.

Contributions

Each year, participants may contribute 2 percent to 50 percent of pre-tax annual compensation, as defined by the Plan up to the maximum limits of the Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also transfer amounts representing eligible distributions from other qualified plans (rollover). The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 5 percent of eligible compensation and their contributions invested in a designated balanced fund until changed by the participant. The Company matches 100 percent on the first 5 percent of participant contributions and contributes an additional automatic 5 percent for each eligible participant. Participants direct the investment of all contributions into various investment options offered by the Plan.

Participant contributions are recorded in the period during which the Company makes payroll deductions from the employee's eligible wages. Matching contributions are recorded in the same period. Certain participants, as defined, are eligible to receive an annual discretionary Company contribution. There were no discretionary contributions made for the plan years ended December 31, 2018 and 2017.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

Participant Accounts

Each participant's account is credited with the participant's contribution and the Company's matching, automatic and discretionary contributions, as applicable, and an allocation of the Plan's earnings. Participants are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions and in their matching Company contributions and vest in their discretionary and automatic Company contributions after three years of credited service, if applicable, and actual earnings thereon.

Payment of Benefits

In event of death, disability, termination or retirement, a participant or beneficiary may elect to receive a lump-sum payment equal to the vested value of the participant's account, roll over the balance into an Individual Retirement Account ("IRA") or other qualified plan, or maintain the balance in the Plan until the April 1st following the year in which the participant reaches age 70.5, if the balance is greater than \$5,000. If the balance is greater than \$1,000, but less than \$5,000, and the participant has not made an election, the Plan will roll over the account into an IRA. If the balance is less than \$1,000, the Plan will automatically distribute the account balance to the participant. The Plan provides that under certain restricted conditions, participants may withdraw their vested account balance, or portion thereof without penalty, in accordance with the IRC.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of 50 percent of their vested account balance or \$50,000, whichever is less. A fixed rate of interest adjusted monthly is determined by the prime rate of interest plus 1 percent (ranging from 4.25 percent to 10 percent at December 31, 2018) as published on the first of the month in the Wall Street Journal. Interest payments are credited to the participant's account when received. Notes are secured by the balance in the participant's account. Principal and interest is paid ratably through payroll deductions. Terms range from one to five years or greater for the purchase of a primary residence.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the non-vested portion of the participant's account, as defined, represents a forfeiture. Company contributions that are forfeited are used to reduce the amount of future Company contributions. At December 31, 2018 and 2017, available forfeited non-vested accounts totaled \$870,964 and \$676,536, respectively. In 2018 and 2017, \$79,374 and \$48,059 in forfeitures were used to offset the Company discretionary contribution, respectively.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Pension and Benefits Committee determines the Plan's valuation policies utilizing information provided by the trustee. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and expensed when they are incurred. Interest income is recorded on the accrual basis. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net (depreciation) appreciation of fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Standard

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, Fair Value Measurement. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is currently assessing the impact that ASU No. 2018-13 will have on the Plan's financial statements.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through October 10, 2019, the date the financial statements were available to be issued.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Money market fund is valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

The collective trusts are valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trusts, the investment adviser reserves the right to temporarily delay withdrawal from the trusts in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 871,098	\$ -	\$ -	\$ 871,098
Mutual funds	328,755,704	-	-	328,755,704
Total assets in fair value hierarchy	<u>\$ 329,626,802</u>	<u>\$ -</u>	<u>\$ -</u>	329,626,802
Investments measured at net asset value (a)				<u>244,892,087</u>
Total investments at fair value				<u>\$ 574,518,889</u>
Assets at Fair Value as of December 31, 2017				
Money market fund	\$ 676,671	\$ -	\$ -	\$ 676,671
Mutual funds	359,899,760	-	-	359,899,760
Total assets in fair value hierarchy	<u>\$ 360,576,431</u>	<u>\$ -</u>	<u>\$ -</u>	360,576,431
Investments measured at net asset value (a)				<u>246,347,582</u>
Total investments at fair value				<u>\$ 606,924,013</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Net Assets Available for Benefits.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

Investments Measured Using NAV per Shares Practical Expedient

The following table summarizes investments for which fair value is measured using NAV per share practical expedient as of December 31, 2018 and 2017, respectively. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

	December 31, 2018			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Vanguard Retirement Savings Trust III	\$ 56,382,505	None	Daily	N/A
Target retirement trusts	188,509,582	None	Daily	N/A
	December 31, 2017			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Vanguard Retirement Savings Trust	\$ 49,337,832	None	Daily	N/A
Target retirement trusts	197,009,750	None	Daily	N/A

4. Administration of Plan Assets

The Plan's assets are administered under a contract with Vanguard Fiduciary Trust Company ("Vanguard"), the trustee of the Plan. The trustee invests funds received from contributions, investment sales, interest, and dividend income and makes distribution payments to participants.

5. Related Party and Party In Interest Transactions

Certain of the Plan's investments are managed by the Vanguard Group, an affiliate of Vanguard, the trustee. Fees incurred by the Plan for the investment manager services are included in net (depreciation) appreciation in the fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. Additionally, the Plan issues loans to participants, which are secured by the participant's account balances. These transactions qualify as related party and party in interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

6. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100 percent vested in Company discretionary and automatic contributions.

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements

December 31, 2018 and 2017

7. Tax Status

The IRS has determined and informed the Company by a letter, dated December 16, 2013, that the Plan is designed and in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is designed and is currently being operated in accordance with the applicable requirements of the IRC. As a result, the plan administrator believes that the Plan is qualified and the trust is tax exempt.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits. As of December 31, 2018 and 2017, the Plan had investments of \$77,051,207 and \$89,902,796, respectively, that were concentrated in one fund and two funds, respectively.

9. Information Certified by Trustee

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under ERISA for 2018 and 2017. Accordingly, Vanguard, the trustee of the Plan, has certified to the completeness and accuracy of all investments reported in the accompanying Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017, and the supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment activity reported in the Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2018 and 2017.

10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits on the financial statements to Form 5500 at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net assets available for benefits on the financial statements	\$ 582,782,676	\$ 614,703,635
Deemed distributions	<u>(159,376)</u>	<u>(118,283)</u>
Net assets available for benefits on Form 5500	<u><u>\$ 582,623,300</u></u>	<u><u>\$ 614,585,352</u></u>

SKF USA Inc. 401(k) Retirement and Savings Plan

Notes to Financial Statements
December 31, 2018 and 2017

The following is a reconciliation of the decrease in net assets available for benefits on the financial statements to Form 5500 for the year ended December 31, 2018:

Decrease in net assets available for benefits on the financial statements	\$ (31,920,959)
Change in deemed distributions at December 31	<u>(41,093)</u>
Total decrease in net assets available for benefits on Form 5500	<u>\$ (31,962,052)</u>

11. Transfers

During 2018 and 2017, \$9,658 and \$2,696, respectively, of plan assets were transferred into the Plan from the SKF USA Inc. 401(k) Retirement and Savings Plan for Union Employees. During 2018 and 2017, \$8,139 and \$0, respectively, was transferred out of the Plan to the SKF USA Inc. 401(k) Retirement and Savings Plan for Union Employees. Also included in net transfers during 2017 are \$107,562 of transfers to another plan where the trustee is Vanguard.

SKF USA Inc. 401(k) Retirement and Savings Plan

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)

EIN: 23-1043740 Plan No.: 005

December 31, 2018

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Investments				
*	Money market fund	Vanguard Prime Money Market Fund	N/R	\$ 871,098
	Mutual funds	Artisan International Fund; Institutional Shares	N/R	567,236
		William Blair Emerging Markets Fund	N/R	1,077,160
		Templeton Global Bond Fund	N/R	1,946,785
		Hartford Schroders US Sm Cap Opport Fund	N/R	2,284,389
		AMG Managers Fairpointe Mid Cap Fund	N/R	2,577,911
		MFS International Value Fund	N/R	2,702,440
*		Vanguard Materials Index Fund Admiral Shares	N/R	2,796,858
		Deutsche Real Estate Securities Fund	N/R	3,438,894
		Dodge & Cox Income Fund	N/R	8,056,328
*		Vanguard Small-Cap Index Fund Admiral Shares	N/R	14,531,379
*		Vanguard U.S. Growth Fund Admiral Shares	N/R	20,962,571
*		Vanguard Mid-Cap Index Fund Admiral Shares	N/R	21,236,890
*		Vanguard Institutional Index Fund	N/R	28,287,568
*		Vanguard Developed Markets Index Fund Admiral Shares	N/R	28,548,802
*		Vanguard Total Bond Market Index Fund Admiral Shares	N/R	29,435,329
*		Vanguard Windsor II Fund Admiral Shares	N/R	37,493,371
*		Vanguard Wellington Fund Admiral Shares	N/R	45,760,586
*		Vanguard PRIMECAP Fund Admiral Shares	N/R	77,051,207
*	Collective trusts	Vanguard Retirement Savings Trust III	N/R	56,382,505
*		Vanguard Target Retirement 2015 Trust II	N/R	8,651,525
*		Vanguard Target Retirement 2020 Trust II	N/R	27,305,094
*		Vanguard Target Retirement 2025 Trust II	N/R	44,820,262
*		Vanguard Target Retirement 2030 Trust II	N/R	35,145,445
*		Vanguard Target Retirement 2035 Trust II	N/R	25,612,771
*		Vanguard Target Retirement 2040 Trust II	N/R	17,344,293
*		Vanguard Target Retirement 2045 Trust II	N/R	11,866,842
*		Vanguard Target Retirement 2050 Trust II	N/R	7,550,850
*		Vanguard Target Retirement 2055 Trust II	N/R	5,475,930
*		Vanguard Target Retirement 2060 Trust II	N/R	1,106,711
*		Vanguard Target Retirement 2065 Trust II	N/R	176,057
*		Vanguard Target Retirement Income Trust II	N/R	3,453,802
*	Notes Receivable from Participants	Loan fund (interest rates from 4.25% to 10%)	\$0	8,263,787
				<u>\$ 582,782,676</u>

* A party in interest as defined by ERISA

N/R - participant directed investment, cost not required to be reported