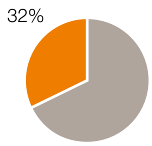
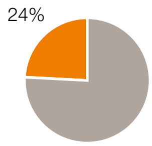
Consumer Durables **North America**

The year saw the re-launch of the Frigidaire brand in the mass-market segment. The launch, which commenced in 2009, entailed the replacement of large parts of the Frigidaire range with new, innovative and energy-efficient products at higher prices.

Share of sales 2010



Share of operating income 2010



Group sales for appliances were in line with the preceding year. Operating income increased on the basis of an improved product mix. Operating income for floor-care products declined due to higher costs for sourced products, lower volumes and price pressure in the market.

The market

In 2010, the market for household appliances in North America amounted to approximately USD 25 billion, corresponding to about SEK 180 billion. After strong growth in the first half of the year, in part due to the US government's rebate program for purchases of energy-efficient household appliances, demand declined in the third quarter. In the fourth quarter, demand increased somewhat. Sales volumes in the US are at 1998 levels after substantial decline during the years 2006–2009.

The market in North America is more uniform than in Europe, which has led to a relatively high level of consolidation among producers and retailers. Although consolidation has resulted in stable prices for a considerable time, downward pressure on prices has become more marked in recent years due to weak demand, increased sales at discount prices and the establishment of Asian producers. Asian competition in the vacuum-cleaner segment has been more pronounced over the past number of years. In 2010, vacuum-cleaner prices were subject to downward pressure.

The proportion of sales accounted for by replacement appliances is very high in the US and amounted to approximately 75% of all sales in 2010, compared to normally approximately 50%. Many household appliances are approaching the end of their lifecycle, which will support sales of new household appliances over the next few years.

Retailers

Approximately 60% of all appliances in the US are sold through four large retailers: Sears, Lowe's, Home Depot and Best Buy. Home Depot and Sears also hold strong positions in Canada. Vacuum cleaners are sold mainly through supermarkets. A large portion of retailer sales are driven by marketing campaigns.

Kitchen specialists such as those in Europe account for only a small share of the market. Kitchens are usually built on-site by construction companies that also purchase household appliances. Producers of household appliances have focused their marketing on such companies, instead of targeting consumers. However, change is underway and just as in Europe, consumers are showing greater interest in well-designed and built-in kitchen appliances. The federal rebate program has led to increased interest in green household appliances.

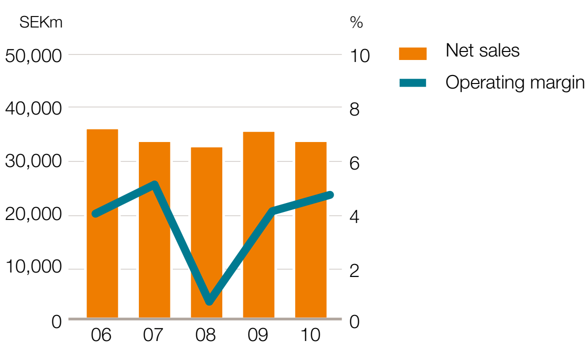
The Group's position

The year saw the completion of the re-launch of the Frigidaire brand in the mass-market segment. The majority of the Frigidaire range, was replaced with new, innovative and energy-efficient products at higher prices. Electrolux has held a strong position in the premium segment since the extensive re-launch in 2008 of new products under the Electrolux brand. Products for the super-premium segment are sold under the Electrolux ICON™ brand.

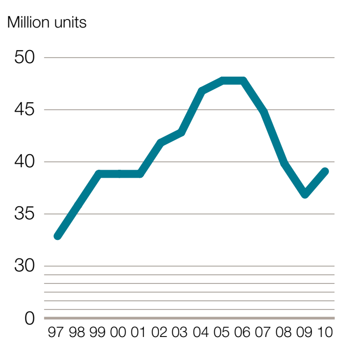
Since the end of 2009, Electrolux has terminated certain private-label retail agreements, which positively affected the product mix.

The Group's vacuum cleaners are sold primarily under the Eureka brand, for which a completely new product platform was introduced with great success during the year. The Electrolux brand is used for particularly innovative vacuum cleaners.

Net sales and operating margin

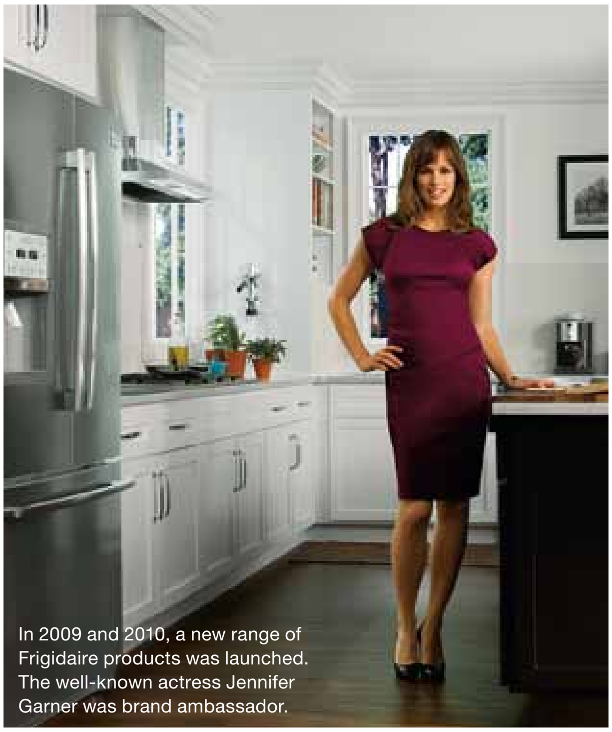


Shipments of core appliances in the US



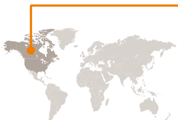
Market demand for core appliances in the US increased by 5% in 2010, compared to the previous year. The growth derives from a very low level after more than three years of decline. One contributing factor to the growth in 2010 was the state-sponsored rebate program for energy-efficient products in the second quarter.

NORTH AMERICA



In 2009 and 2010, a new range of Frigidaire products was launched. The well-known actress Jennifer Garner was brand ambassador.

The Perfect Turkey button is an example of innovation driving growth. For US consumers, it is extremely important that the traditional Thanksgiving turkey is as succulent as possible. Electrolux has therefore developed the Perfect Turkey button. A thermometer controls the cooking in partnership with a convection system and turns out a perfect turkey.



Market shares

21% core appliances

18% floor-care products

New products

In 2008, a comprehensive range of household appliances under the Electrolux brand was launched in the premium segment. In 2009 and 2010, this was followed by a re-launch of the Frigidaire brand in the mass-market segment. Electrolux now has a strong product offering in North America.

Eco

In April 2010, the Eco-Friendly option for new washing machines was launched in the US. These consume 83% less energy and 56% less water than the average five-year old American washing machines.

Retailers and competitors

CORE APPLIANCES

Major retailers
- Sears
- Lowe's
- Home Depot
- Best Buy

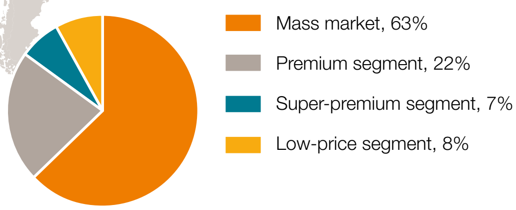
Major competitors
- Whirlpool
- General Electric
- LG
- Samsung

VACUUM CLEANERS

Major retailers
- Lowe's
- Sears
- Wal-Mart

Major competitors
- TTI Group (Dirt Devil, Vax and Hoover)
- Dyson
- Bissel

Estimated value segments in the US market



As a result of the economic uncertainty in the US, the sales pattern of appliances has changed. The share of replacement has increased, while the shares of discretionary sales and sales in connection with new housing have decreased. The value of the profitable premium-segment has also declined. Electrolux will be able to benefit of its position in the premium segment when demand starts to pick-up again.