Report by the Board of Directors for 2009

- Net sales amounted to SEK 109,132m (104,792) and income for the period to SEK 2,607m (366), corresponding to SEK 9.18 (1.29) per share.
- Net sales declined by 5% in comparable currencies, due to weak demand in Electrolux main markets.
- Prices and mix improvements had a positive impact on sales.
- Operating income increased to SEK 3,761m (1,188).
- Cost savings, higher prices, lower costs for raw materials and an improved mix contributed strongly to the improvement in income.
- Results improved in all regions.
- Extra contributions of SEK 3,935m to Group pension funds, resulting in appropriate funding levels and reduced balance-sheet risk exposures to pension commitments.
- Strong cash flow, excluding extra pension contributions, generated by improvements in operating income and working capital.
- The Board of Directors proposes a dividend for 2009 of SEK 4.00 (0.00) per share.

Contents page

Net sales and income	6
Consolidated income statement	7
Operations by business area	10
Financial position	14
Consolidated balance sheet	15
Change in consolidated equity	17
Cash flow	18
Consolidated cash flow statement	19
Share capital and ownership	20
Distribution of funds to shareholders	21
Risks and uncertainty factors	22
Employees	23
Other facts	25
Parent Company	26
Notes	28

Key data

SEKm	**2009**	Change	2008
Net sales	109,132	4.1%	104,792
Operating income	3,761	216.6%	1,188
Margin, %	3.4		1.1
Income after financial items	3,484	433.5%	653
Income for the period	2,607	612.3%	366
Earnings per share, SEK	9.18		1.29
Dividend per share, SEK	4.00[1]		0
Net debt/equity ratio	0.04		0.28
Return on equity, %	14.9		2.4
Average number of employees	50,633		55,177
Excluding items affecting comparability			
Items affecting comparability	–1,561	1,206	–355
Operating income	5,322	244.9%	1,543
Margin, %	4.9		1.5
Income after financial items	5,045	400.5%	1,008
Income for the period	3,851	487.0%	656
Earnings per share, SEK	13.56		2.32
Return on net assets	26.2		7.2

1) Proposed by the Board of Directors.

Net sales and income

Net sales

Net sales for the Electrolux Group in 2009 amounted to SEK 109,132m, as against SEK 104,792m in the previous year. Sales were adversely impacted by lower volumes, while higher prices and an improved mix had a positive impact. In comparable currencies, net sales declined by 4.8%.

Change in net sales

%	2009
Changes in Group structure	0.0
Changes in exchange rates	8.9
Changes in volume/price/mix	–4.8
Total	**4.1**

Operating income

Operating income for 2009 increased to SEK 3,761m (1,188), corresponding to 3.4% (1.1) of net sales.

Previous price increases, an improved mix, lower costs for raw materials and cost-efficiency measures contributed to the improvement in income. Operating income in the first quarter of 2009 was negatively impacted by the North American launch in the net amount of SEK –200m. In 2008, non recurring items were charged against operating income in the total amount of approximately SEK 1,945m, see table below.

Impact of cost-reduction measures and non-recurring items in 2008 and the US launch of Electrolux

SEKm, approximately	2009	2008
Cost-reduction measures due to sharp decline in demand in the fourth quarter of 2008	—	–1,045[1)]
Net impact of the Electrolux launch, appliances North America in the first quarter of 2009 and in 2008	–200	–470
Cost-cutting program, appliances Europe	—	–360
Cost for a component problem for dishwashers, appliances Europe	—	–120
Capital gain, real estate, appliances Europe	—	130
Cost for litigation, appliances North America	—	–80
Total	**–200**	**–1,945**

1) For additional information, see table on page 9.

Items affecting comparability

In addition to the non-recurring items described above, operating income includes costs for the restructuring program initiated in 2004, see page 8. These costs, amounting to SEK –1,561m (–355), are reported as items affecting comparability. Excluding items affecting comparability, operating income amounted to SEK 5,322m (1,543).

Excluding items affecting comparability and the items described in the table above, operating income for 2009 increased by approximately SEK 2,034m, compared to the previous year.

- Net sales for 2009 declined by 5% in comparable currencies.
- Sales volumes declined due to weak demand on most of Electrolux main markets.
- Operating income increased to SEK 3,761m (1,188).
- Operating income improved on the basis of cost savings, higher prices, improved mix and lower costs for raw materials.
- Income for the period was SEK 2,607m (366).
- Earnings per share amounted to SEK 9.18 (1.29).

Depreciation and amortization

Depreciation and amortization in 2009 amounted to SEK 3,442m (3,010).

Financial net

Net financial items decreased to SEK –277m (–535). The improvement is mainly due to lower interest rates on borrowings and lower net borrowings.

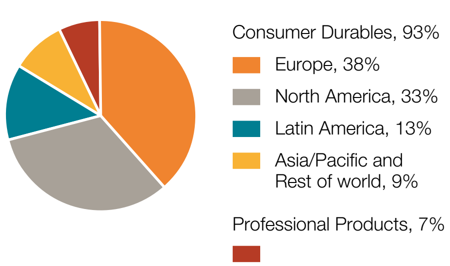
Income after financial items

Income after financial items increased to SEK 3,484m (653), corresponding to 3.2% (0.6) of net sales.

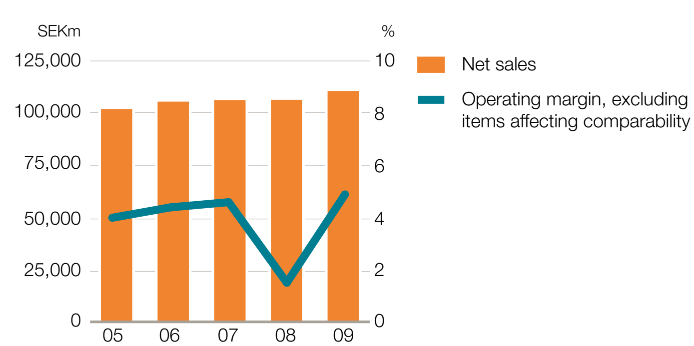
Taxes

Total taxes in 2009 amounted to SEK –877m (–287), corresponding to 25.2% (44.0) of income after financial items. The tax rate for 2009 was positively impacted by reversal of a tax provision following a tax settlement in Europe. The tax rate in 2008 was negatively impacted by the low level of earnings.

Share of sales by business area



Net sales and operating margin



Consolidated income statement

SEKm	Note	**2009**	2008
Net sales	3,4	**109,132**	**104,792**
Cost of goods sold		–86,980	–86,795
Gross operating income		**22,152**	**17,997**
Selling expenses		–11,394	–11,788
Administrative expenses		–5,375	–4,839
Other operating income	5	41	218
Other operating expenses	6	–102	–45
Items affecting comparability	3,7	–1,561	–355
Operating income	3,4,8	**3,761**	**1,188**
Financial income	9	256	222
Financial expenses	9	–533	–757
Financial items, net		**–277**	**–535**
Income after financial items		**3,484**	**653**
Taxes	10	–877	–287
Income for the period		**2,607**	**366**
Available for sale instruments	11,29	138	–403
Cash flow hedges	11	–112	21
Exchange differences on translation of foreign operations	11	–264	1,589
Income tax related to other comprehensive income		—	—
Other comprehensive income, net of tax		**–238**	**1,207**
Total comprehensive income for the period		**2,369**	**1,573**
Income for the period attributable to:			
Equity holders of the Parent Company		2,607	366
Non-controlling interests		—	—
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		2,369	1,573
Non-controlling interests		—	—
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		9.18	1.29
Diluted, SEK		9.16	1.29
Average number of shares	20		
Basic, million		284.0	283.1
Diluted, million		284.6	283.2

Income for the period and earnings per share

Income for the period amounted to SEK 2,607m (366), corresponding to SEK 9.18 (1.29) in earnings per share before dilution.

Effects of changes in exchange rates

Changes in exchange rates in comparison with the previous year, including both translation and transaction effects, had an impact of SEK –295m on operating income.

Transaction effects net of hedging contracts amounted to SEK –333m, and referred mainly to the strengthening of the euro and the US dollar against several other currencies. Translation of income statements in subsidiaries had an effect of SEK 38m.

The effect of changes in exchange rates on income after financial items amounted to SEK –278m.

For additional information on effects of changes in exchange rates, see section on foreign exchange risk in Note 2 on page 37.

Share of sales, by currency

	Share of net sales, %	Average exchange rate 2009	Average exchange rate 2008
EUR	30	10.63	9.67
USD	29	7.63	6.59
BRL	8	3.80	3.62
AUD	4	5.98	5.56
CAD	4	6.68	6.21
GBP	4	11.84	12.11
SEK	4	—	—
Other	17	—	—
Total	**100**	**—**	**—**

Value created

Value creation is the primary financial performance indicator for measuring and evaluating financial performance within the Group. The model links operating income and asset efficiency with the cost of the capital employed in operations. The model measures and evaluates profitability, by business area, product line, region or operation.

Total value created in 2009 increased over the previous year to SEK 2,884m (–1,040). The WACC rate for 2009 was 12% (12). The capital-turnover rate was 5.37, as against 4.87 in 2008.

For the definition of value created, see Note 30 on page 69.

Market overview

Some of Electrolux main markets started to show some recovery during the fourth quarter of 2009, although compared to a very weak fourth quarter of 2008. The North American market rose slightly after thirteen consecutive quarters with decline. In the fourth quarter, industry shipments of core appliances in the US increased by 4%. Demand in some markets in Europe, as Germany, France, and Italy showed some stabilization. However, most of Electrolux main markets continued to show a decline although at a lower rate than in previous quarters. The European market has been falling for nine consecutive quarters. Eastern Europe showed a continued downturn in the fourth quarter, declining by 17%. Demand in Western Europe declined by 2% and the total market in Europe by 7%. The market in Brazil continued to increase in the fourth quarter due to temporary tax reductions on domestically-produced appliances.

There are no indications of a strong recovery in any of the Group's main markets, and therefore we only expect a modest improvement from the currently low level of market demand for appliances in 2010.

Structural changes

Electrolux initiated a restructuring program in 2004 to make the Group's production competitive in the long term. When it is fully implemented in 2011, more than half of production of appliances will be located in low-cost countries and savings will amount to approximately SEK 3 billion annually. Restructuring provisions and write-downs are reported as items affecting comparability within operating income.

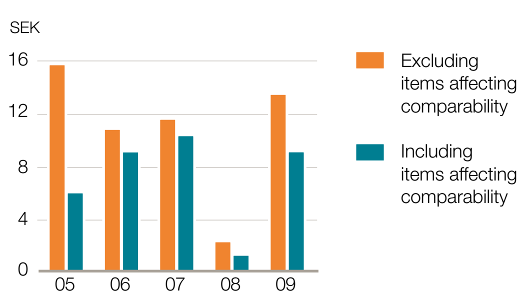
Electrolux introduced throughout 2009 a number of restructuring activities. These activities are described below.

January 2010

Production of cookers in Sweden to be phased out

In 2009, an analysis was performed of a possible phase-out of the cooker production in Motala, Sweden. It was subsequently decided that the Group's production of cookers in Motala will be discontinued. The greater part will be phased out and it is intended that an external part will take over production of large cookers and compact-kitchens. Approximately 240 people are employed at the plant. The cost of the discontinuation is estimated at approximately SEK 90m, which will be charged against operating income, within items affecting comparability in the first quarter of 2010.

Earnings per share



Items affecting comparability

Restructuring provisions and write-downs[1)]	2009	2008
SEKm		
Appliances plant in Alcalà, Spain	–440	—
Appliances plants in Webster City and Jefferson, USA	–560	—
Office consolidation in USA	–218	—
Appliances plant in Changsha, China	–162	—
Appliances plant in Porcia, Italy	–132	—
Appliances plant in St. Petersburg, Russia	–105	—
Appliances plants in Scandicci and Susegana, Italy	—	–487
Reversal of unused restructuring provisions	56	132
Total	**–1,561**	**–355**

1) Deducted from cost of goods sold.

December 2009

North American corporate office operations to be consolidated

To take advantage of synergies, improve coordination and increase efficiencies, it has been decided to consolidate most of the US corporate office operations and support functions into one single location. The new corporate headquarters will be located in Charlotte, North Carolina.

Consolidation will be done gradually and is scheduled to start in the third quarter of 2010. The cost for the consolidation is estimated to SEK 218m, which was charged to operating income in the fourth quarter of 2009, within items affecting comparability.

October 2009

Production of laundry products in North America to be concentrated

Decision has been taken to concentrate production of laundry products in North America to the Group's factory in Juarez, Mexico, while ceasing production at the plant in Webster City and its satellite plant in Jefferson, Iowa. A total of approximately 950 employees will be affected.

Production is expected to be discontinued at the Jefferson plant in the fourth quarter of 2010 and at the Webster City plant in the first quarter of 2011. The cost for the closures is estimated to SEK 560m, which was charged to operating income in the fourth quarter of 2009, within items affecting comparability.

Production at the washing-machine factory in Spain to be discontinued

It has been decided to discontinue production at the washing-machine factory in Alcalà, Spain. A total of approximately 450 employees will be affected.

Production is expected to be discontinued in the first quarter of 2011. The cost for the closure is estimated to SEK 440m, which was charged to operating income in the fourth quarter of 2009, within items affecting comparability.

April 2009

Washing-machine plant in Russia to be closed

Electrolux will close the plant in St. Petersburg, Russia. Production comprises washing machines mainly for the Russian market, with approximately 250 employees. The closure is scheduled for completion in the second quarter of 2010. The shutdown involves a total cost of SEK 105m, which was taken as a charge against operating income in the first quarter of 2009, within items affecting comparability.

Refrigerator plant in China has been closed

Electrolux discontinued production at the refrigerator plant in Changsha, China, in the first quarter of 2009. The closure of the factory involved a total cost of SEK 162m, which was taken as a charge against operating income in the first quarter of 2009, within items affecting comparability. About 700 employees were affected by the closure. Distribution of appliances is now concentrated to gain a strong position in the premium segment.

March 2009

Higher efficiency at the washing-machine plant in Italy

Electrolux will re-engineer production at the washing-machine plant in Porcia, Italy, in order to increase efficiency and productivity. This involves a cost of SEK 132m, which was taken as a charge against operating income in the first quarter of 2009, within items affecting comparability.

Cost-reduction measures in December 2008

In light of the sharp market decline at the end of 2008, it was decided to reduce the number of employees by more than 3,000. All operations on a global basis were affected.

The costs for these actions, approximately SEK 1 billion, were charged against operating income before items affecting comparability in the fourth quarter of 2008, see table below.

Cost-saving program in the fourth quarter of 2008

SEKm, approximately	Reduction, number of employees	Charge
Consumer Durables, Europe	1,000	800
Consumer Durables, North America	700	45
Consumer Durables, Latin America	500	10
Consumer Durables, Asia/Pacific	630	110
Professional Products	230	40
Group staff	60	40
Total	**3,120**	**1,045**

Relocation of production, items affecting comparability, restructuring measures 2007–2011

Plant closures and cutbacks			Closed
Nuremberg	Germany	Dishwashers, washing machines and dryers	(Q1 2007)
Torsvik	Sweden	Compact appliances	(Q1 2007)
Adelaide	Australia	Dishwashers	(Q2 2007)
Fredericia	Denmark	Cookers	(Q4 2007)
Adelaide	Australia	Washing machines	(Q1 2008)
Spennymoor	UK	Cookers	(Q4 2008)
Changsha	China	Refrigerators	(Q1 2009)
Scandicci	Italy	Refrigerators	(Q2 2009)

Authorized closures			Estimated closure
St. Petersburg	Russia	Washing machines	(Q2 2010)
Webster City	USA	Washing machines	(Q1 2011)
Alcalà	Spain	Washing machines	(Q1 2011)

Investment			Effected
Porcia	Italy	Washing machines	(Q4 2010)

In 2004, Electrolux initiated a restructuring program to make the Group's production competitive in the long term. When it is fully implemented in 2011, more than half of production of appliances will be located in low-cost countries and savings will amount to approximately SEK 3 billion annually. Restructuring provisions and write-downs are reported as items affecting comparability within operating income. For information on provisions in 2009, see table on page 8.

Operations by business area

The Group's operations include products for consumers as well as professional users. Products for consumers comprise major appliances, i.e., refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens, as well as floor-care products. Professional products comprise food-service equipment for hotels, restaurants and institutions, as well as laundry equipment for apartment-house laundry rooms, launderettes, hotels and other professional users.

In 2009, appliances accounted for 85% (85) of sales, professional products for 7% (7) and floor-care products for 8% (8).

- Continued weak demand in Electrolux key markets in Europe and in North America.
- The North American market showed some recovery in the fourth quarter after thirteen quarters of decline. The European market has been falling for nine consecutive quarters. This had an adverse affect on sales volumes.
- Net sales declined by 5% in comparable currencies.
- Sales were adversely impacted by lower volumes, while higher prices and mix improvements had a positive impact.
- Substantial increase in operating income across all regions.
- Cost savings, higher prices, lower costs for raw materials and an improved mix contributed strongly to the improvement in income.
- Average number of employees declined to 50,633 (55,177).

Consumer Durables, Europe

SEKm[1)]	**2009**	2008
Net sales	42,300	44,342
Operating income	2,188	–22
Operating margin, %	5.2	0.0
Net assets	7,651	7,448
Return on net assets, %	30.2	–0.2
Capital expenditure	1,187	1,569
Average number of employees	22,154	24,777

1) Excluding items affecting comparability.

Non-recurring items

SEKm	**2009**	2008
Cost-reduction measures due to sharp decline in demand	–	–800
Cost-cutting program, appliances Europe	–	–360
Cost for a component problem for dishwashers, appliances Europe	–	–120
Capital gain, real estate, appliances Europe	–	130
Total	**–**	**–1,150**

Major appliances

Total industry shipments of major appliances in Europe in 2009 declined in volume by 11% over 2008. Shipments declined by 25% in Eastern Europe and by 6% in Western Europe. Demand continued to decline in several of the Group's major markets, including the UK, Spain and the Nordic region. Demand in some markets in Europe showed some stabilization in the fourth quarter. Group sales declined, due to lower volumes.

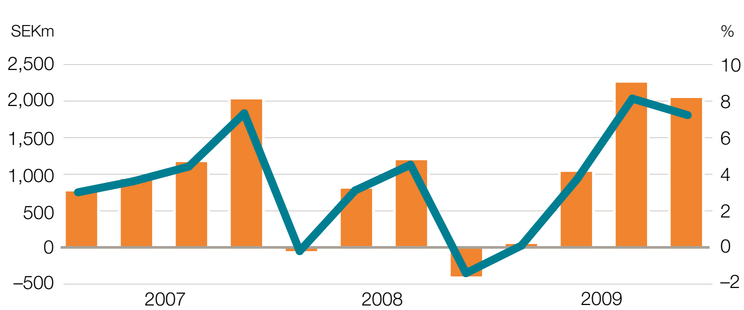
Operating income was substantially higher in 2009 in comparison with 2008. Factors contributing to the improvement included a positive price and mix development and lower costs for raw materials. Personnel cutbacks and other cost-cutting measures during the year also contributed to the improvement in income.

Quelle of Germany, one of the Group's major retailers, went into bankruptcy in the fourth quarter of 2009. This reduced the Group's sales of appliances under private labels. At the same time, Electrolux strengthened its position in the market for built-in products.

Floor-care products

Demand for vacuum cleaners in Europe in 2009 was lower than in 2008. Group sales declined as a result of lower sales volumes, and operating income was lower. The decline in income was offset to some extent by an improved product mix, lower product costs,

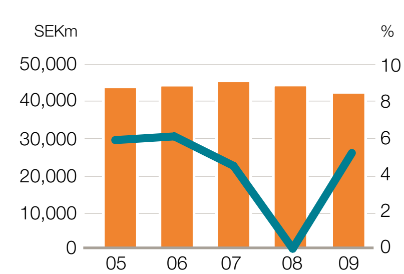
Operating income and margin per quarter for the Group



Operating income
Operating margin

Operating income in the fourth quarter of 2008 was adversely impacted by cost-reduction measures in the amount of SEK –1,045m.

Consumer Durables, Europe



Net sales
Operating margin

and cost savings. Launches of premium products as the vacuum cleaner UltraOne contributed to the improvement in product mix.

Consumer Durables, North America

SEKm[1]	2009	2008
Net sales	35,726	32,801
Operating income	1,476	222
Operating margin, %	4.1	0.7
Net assets	7,898	8,333
Return on net assets, %	19.8	3.0
Capital expenditure	470	917
Average number of employees	12,837	14,410

1) Excluding items affecting comparability.

Non-recurring items and launch of Electrolux

SEKm	2009	2008
Cost-reduction measures due to sharp decline in demand	–	–45
Net impact, launch of Electrolux for appliances	–200	–470
Cost for litigation	–	–80
Total	**–200**	**–595**

Core appliances

Market demand for core appliances in the US in 2009 declined by 8%. However, demand showed an increase in the fourth quarter of 2009, following thirteen consecutive quarters of decline.

Group sales in comparable currencies were lower in 2009, in comparison with 2008. However, a positive price and mix development provided some compensation for lower sales volumes. Sales volumes were negatively impacted by increased competition within the laundry-product category.

Operating income rose considerably, despite lower volumes. Factors contributing to the improvement in income included a positive price and mix development, higher internal efficiency and lower costs for raw materials. Income was also positively affected by higher productivity at the Group's plants despite lower utilization of capacity.

The re-launch of new products under the Frigidaire brand during the year contributed to mix improvements, as well as the Electrolux brand which increased market share in the kitchen product category.

Floor-care products

Market demand for vacuum cleaners in North America was lower than in the previous year. Group sales increased somewhat as a result of higher volumes, primarily in the low- and mid-range price segments. Operating income and margin were in line with 2008. Income was positively affected by cost-cutting measures and lower product costs.

Consumer Durables, Latin America

SEKm[1]	2009	2008
Net sales	14,165	10,970
Operating income	878	715
Operating margin, %	6.2	6.5
Net assets	3,190	3,565
Return on net assets, %	25.4	23.5
Capital expenditure	311	362
Average number of employees	8,194	7,590

1) Excluding items affecting comparability.

Non-recurring items

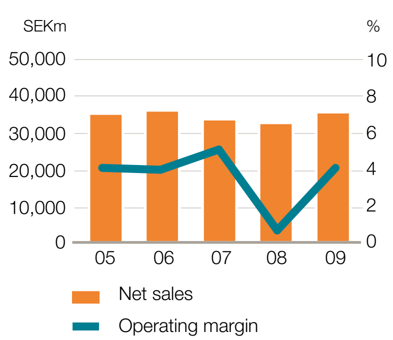
SEKm	2009	2008
Cost-reduction measures due to sharp decline in demand	–	–10
Total	**–**	**–10**

Market demand for appliances in Latin America is estimated to have risen in 2009 in comparison with 2008, on the basis of strong growth in Brazil. The increase in Brazil resulted from the Brazilian government's stimulus package, in the form of lower taxes on domestically-produced appliances. Lower interest rates and greater access to credit also contributed to increased consumption. Market demand declined in most of the other Latin American markets.

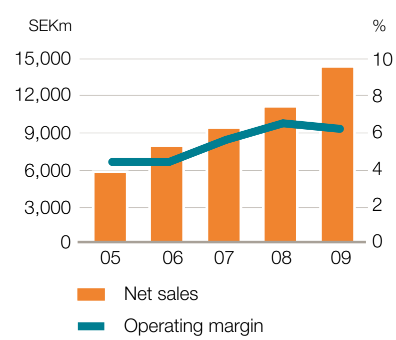
The Group's sales volumes showed a continued increase in 2009 in comparison with 2008. Sales were substantially higher, and the Group captured additional market shares in Brazil. Operating income improved on the basis of positive price and mix development and lower costs for raw materials. Operating margin declined following the weak performance in the first quarter.

Launches of new products during the year contributed to the improvement in the product mix. For the second consecutive year, operating income for the Latin American operation was at a record high.

Consumer Durables, North America



Consumer Durables, Latin America



Consumer Durables, Asia/Pacific and Rest of world

SEKm[1)]	2009	2008
Net sales	9,806	9,196
Operating income	619	369
Operating margin, %	6.3	4.0
Net assets	2,082	2,716
Return on net assets, %	26.6	15.5
Capital expenditure	131	185
Average number of employees	3,739	4,465

1) Excluding items affecting comparability.

Non-recurring items

SEKm	2009	2008
Cost-reduction measures due to sharp decline in demand	–	–110
Total	**–**	**–110**

Australia and New Zealand

Market demand for appliances in Australia in 2009 is estimated to have been lower than in 2008. Group sales rose on the basis of higher sales volumes and maintained price levels. Operating income showed an improvement as a result of positive development of raw materials and sales prices as well as cost-cutting programs.

Southeast Asia and China

Market demand in Southeast Asia is estimated to have been unchanged in 2009 compared to last year.

Group sales in Southeast Asia showed strong growth in several markets, and the Group captured market shares. The operation in Southeast Asia continued to show good profitability.

The operation in China was positively affected by implemented restructuring measures as well as the repositioning of the Electrolux brand.

Professional Products

SEKm[1)]	2009	2008
Net sales	7,129	7,427
Operating income	668	774
Operating margin, %	9.4	10.4
Net assets	1,068	1,327
Return on net assets, %	57.5	63.3
Capital expenditure	107	98
Average number of employees	2,840	3,062

1) Excluding items affecting comparability.

Non-recurring items

SEKm	2009	2008
Cost-reduction measures due to sharp decline in demand	–	–40
Total	**–**	**–40**

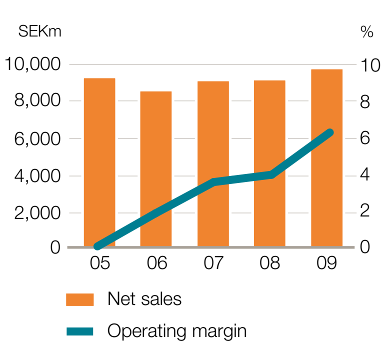
Estimates of market demand for food-service equipment indicate a decline in 2009 in comparison with the previous year.

Group sales of food-service equipment declined as a result of lower sales volumes and operating income deteriorated.

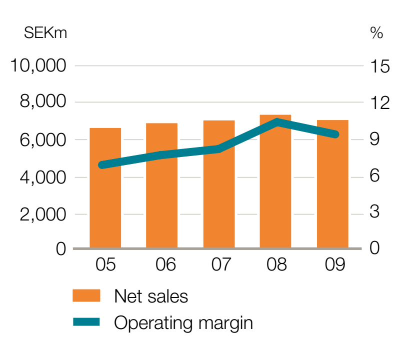
Estimates of market demand for laundry equipment indicate a decline in 2009 in comparison with the previous year.

Group sales of laundry equipment were lower in 2009 in comparison with 2008, as a result of lower sales volumes. Operating income improved, however, on the basis of lower costs for raw materials, favorable exchange rates, price increases and lower costs for production and administration.

Consumer Durables, Asia/Pacific and Rest of world



Professional Products



OPERATIONS, BY BUSINESS AREA

SEKm[1]	2009	2008
Consumer Durables, Europe		
Net sales	42,300	44,342
Operating income	2,188	–22
Margin, %	5.2	0.0
Consumer Durables, North America		
Net sales	35,726	32,801
Operating income	1,476	222
Margin, %	4.1	0.7
Consumer Durables, Latin America		
Net sales	14,165	10,970
Operating income	878	715
Margin, %	6.2	6.5
Consumer Durables, Asia/Pacific and Rest of world		
Net sales	9,806	9,196
Operating income	619	369
Margin, %	6.3	4.0
Professional Products		
Net sales	7,129	7,427
Operating income	668	774
Margin, %	9.4	10.4
Other		
Net sales	6	56
Operating income, common group costs, etc.	–507	–515
Total net sales	**109,132**	**104,792**
Operating income	**5,322**	**1,543**
Margin, %	**4.9**	**1.5**

1) Excluding items affecting comparability.

NET SALES AND OPERATING INCOME 2009 COMPARED TO 2008[1]

Change, year-over-year, %	Net sales	Net sales in comparable currencies	Operating income	Operating income in comparable currencies
Consumer Durables				
Europe	–4.6	–10.6	n/a	n/a
North America	8.9	–4.8	564.9	515.0
Latin America	29.1	22.3	22.8	18.3
Asia/Pacific and Rest of world	6.6	–3.0	67.8	58.3
Professional Products	**–4.0**	**–11.1**	**–13.7**	**–19.9**
Total change	**4.1**	**–4.8**	**244.9**	**236.7**

1) Excluding items affecting comparability.

Financial position

Working capital and net assets

SEKm	Dec. 31, **2009**	% of annual-ized net sales	Dec. 31, 2008	% of annual-ized net sales
Inventories	10,050	8.8	12,680	11.0
Trade receivables	20,173	17.7	20,734	17.9
Accounts payable	–16,031	–14.1	–15,681	–13.6
Provisions	–9,447		–13,529	
Prepaid and accrued income and expenses	–7,998		–7,263	
Taxes and other assets and liabilities	–1,901		–2,072	
Working capital	**–5,154**	**–4.5**	**–5,131**	**–4.4**
Property, plant and equipment	15,315		17,035	
Goodwill	2,274		2,095	
Other non-current assets	5,197		4,602	
Deferred tax assets and liabilities	1,874		2,340	
Net assets	**19,506**	**17.1**	**20,941**	**18.1**
Average net assets	19,411	17.8	20,538	19.6
Return on net assets, %	19.4		5.8	
Return on net assets, excluding items affecting comparability, %	26.2		7.2	
Value creation	2,884		–1,040	

- Extra contributions of SEK 3,935m to Group pension funds.
- Equity/assets ratio was 31.8% (25.6).
- Return on equity was 14.9% (2.4).
- Average net assets, excluding items affecting comparability, declined to SEK 20,320m (21,529).

Net assets and working capital

Average net assets for the period amounted to SEK 19,411m (20,538). Net assets as of December 31, 2009, amounted to SEK 19,506m (20,941).

Adjusted for items affecting comparability, i.e., restructuring provisions, average net assets declined to SEK 20,320m (21,529), corresponding to 18.6% (20.5) of net sales.

Working capital as of December 31, 2009, amounted to SEK –5,154m (–5,131), corresponding to –4.5% (–4.4) of annualized net sales.

The return on net assets was 19.4% (5.8), and 26.2% (7.2), excluding items affecting comparability.

Net borrowings

Net borrowings amounted to SEK 665m (4,556). The net debt/equity ratio was 0.04 (0.28). The equity/assets ratio was 31.8% (25.6).

During 2009, SEK 1,040m of the long-term borrowings matured and SEK 1,639m of new long-term borrowings were raised. Long-term borrowings as of December 31, 2009, including long-term borrowings with maturities within 12 months, amounted to SEK 11,153m with average maturities of 3.9 years, compared to SEK 10,967m and 4.7 years by the end of 2008. A significant portion of long-term borrowings is raised in the Euro and Swedish bond markets.

During 2010 and 2011, long-term borrowings in the amount of SEK 2,244m will mature. Liquid funds as of December 31, 2009, excluding a committed unused revolving credit facility of EUR 500m, amounted to SEK 13,357m.

The provisions for post-employment benefits as of December 31, 2009, decreased to SEK 2,168m (6,864), mainly as a result of extra contributions by SEK 3,935m to pension funds in December, see page 18 and 19.

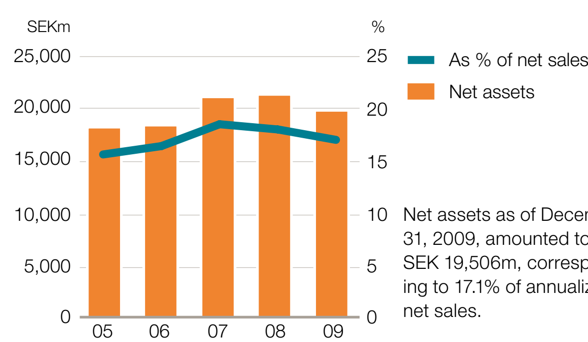
Net borrowings

SEKm	Dec. 31, **2009**	Dec. 31, 2008
Borrowings	14,022	13,946
Liquid funds	13,357	9,390
Net borrowings	**665**	**4,556**
Net debt/equity ratio	0.04	0.28
Equity	**18,841**	**16,385**
Equity per share, SEK	66.24	57.78
Return on equity, %	14.9	2.4
Return on equity, excluding items affecting comparability, %	22.0	4.2
Equity/assets ratio, %	31.8	25.6

Change in net assets

SEKm	Net assets
January 1, 2009	**20,941**
Change in restructuring provisions	–683
Write-down of assets	–692
Changes in exchange rates	198
Capital expenditure	2,223
Depreciation	–3,442
Changes in working capital, etc.	961
December 31, 2009	**19,506**

Net assets



Net assets as of December 31, 2009, amounted to SEK 19,506m, corresponding to 17.1% of annualized net sales.

Consolidated balance sheet

SEKm	Note	December 31, **2009**	December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment	12	15,315	17,035
Goodwill	13	2,274	2,095
Other intangible assets	13	2,999	2,823
Investments in associates	29	19	27
Deferred tax assets	10	2,693	3,180
Financial assets	18	434	280
Other non-current assets	14	1,745	1,472
Total non-current assets		**25,479**	**26,912**
Current assets			
Inventories	15	10,050	12,680
Trade receivables	17,18	20,173	20,734
Tax assets		1,103	511
Derivatives	18	377	1,425
Other current assets	16	2,947	3,460
Short-term investments	18	3,030	296
Cash and cash equivalents	18	9,537	7,305
Total current assets		**47,217**	**46,411**
Total assets		**72,696**	**73,323**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	1,545	1,545
Other paid-in capital		2,905	2,905
Other reserves		1,814	2,052
Retained earnings		12,577	9,883
		18,841	**16,385**
Non-controlling interests		—	—
Total equity		**18,841**	**16,385**
Non-current liabilities			
Long-term borrowings	18	10,241	9,963
Deferred tax liabilities	10	819	840
Provisions for post-employment benefits	22	2,168	6,864
Other provisions	23	5,449	4,175
Total non-current liabilities		**18,677**	**21,842**
Current liabilities			
Accounts payable	18	16,031	15,681
Tax liabilities		2,367	2,329
Other liabilities	24	11,235	10,644
Short-term borrowings	18	3,364	3,168
Derivatives	18	351	784
Other provisions	23	1,830	2,490
Total current liabilities		**35,178**	**35,096**
Total liabilities		**53,855**	**56,938**
Total equity and liabilities		**72,696**	**73,323**
Pledged assets	19	**107**	**120**
Contingent liabilities	25	**1,185**	**1,293**

The Group's goal for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities, and an average interest-fixing period of one year. At year-end, the average interest-fixing period for long-term borrowings was 1.0 year (0.5 year).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 2.6% (5.0).

Liquid funds

Liquid funds at year-end amounted to SEK 13,357m (9,390). Liquid funds including a revolving credit facility of EUR 500m corresponded to 16.2% (12.9) of annualized net sales.

Liquidity profile

SEKm	Dec. 31, **2009**	Dec. 31, **2008**
Liquid funds	13,357	9,390
% of annualized net sales[1]	16.2	12.9
Net liquidity	9,576	5,407
Fixed interest term, days	100	22
Effective annual yield, %	2.1	4.5

1) Liquid funds plus an unused revolving credit facility of EUR 500m divided by annualized net sales.

For additional information on the liquidity profile, see Note 18 on page 47.

Rating

Electrolux has investment-grade ratings from Standard & Poor's.

Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
Standard & Poor's	BBB	Stable	A-2	K-2

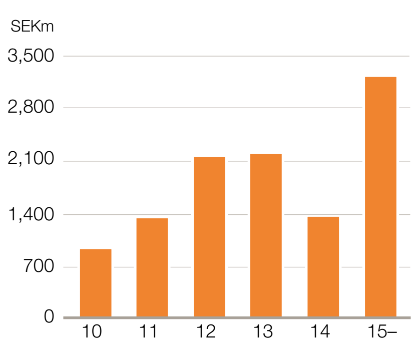
Net debt/equity and equity/assets ratios

The net debt/equity ratio improved to 0.04 (0.28). The equity/assets ratio increased to 31.8% (25.6).

Equity and return on equity

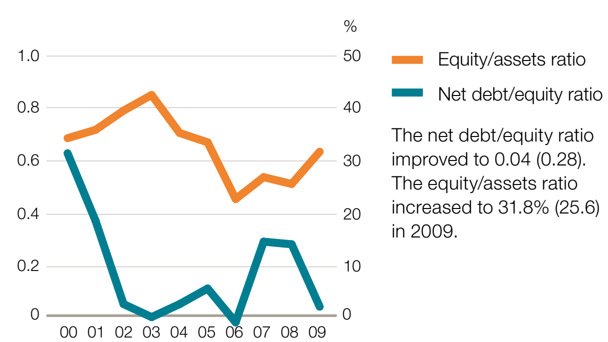
Group equity as of December 31, 2009, amounted to SEK 18,841m (16,385), which corresponds to SEK 66.24 (57.78) per share. Return on equity was 14.9% (2.4). Excluding items affecting comparability, return on equity was 22.0% (4.2).

Long-term borrowings, by maturity



During 2010 and 2011 long-term borrowings in the amount of SEK 2,244m will mature. For information on borrowings, see Note 18 on page 47.

Net debt/equity ratio



The net debt/equity ratio improved to 0.04 (0.28). The equity/assets ratio increased to 31.8% (25.6) in 2009.

Change in consolidated equity

SEKm	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Parent Company						
Opening balance, January 1, 2008	**1,545**	**2,905**	**844**	**10,745**	**16,039**	**1**	**16,040**
Income for the period	—	—	—	**366**	**366**	—	**366**
Available for sale instruments	—	—	–403	—	–403	—	–403
Cash flow hedges	—	—	21	—	21	—	21
Exchange differences on translation of foreign operations	—	—	1,590	—	1,590	–1	1,589
Income tax relating to other comprehensive income	—	—	—	—	—	—	—
Other comprehensive income, net of tax	**—**	**—**	**1,208**	**—**	**1,208**	**–1**	**1,207**
Total comprehensive income for the period	**—**	**—**	**1,208**	**366**	**1,574**	**–1**	**1,573**
Share-based payment	—	—	—	–41	–41	—	–41
Sale of shares	—	—	—	17	17	—	17
Dividend SEK 4.25 per share	—	—	—	–1,204	–1,204	—	–1,204
Total transactions with equity holders	**—**	**—**	**—**	**–1,228**	**–1,228**	**—**	**–1,228**
Closing balance, December 31, 2008	**1,545**	**2,905**	**2,052**	**9,883**	**16,385**	**—**	**16,385**
Income for the period	**—**	**—**	**—**	**2,607**	**2,607**	**—**	**2,607**
Available for sale instruments	—	—	138	—	138	—	138
Cash flow hedges	—	—	–112	—	–112	—	–112
Exchange differences on translation of foreign operations	—	—	–264	—	–264	—	–264
Income tax relating to other comprehensive income	—	—	—	—	—	—	—
Other comprehensive income, net of tax	**—**	**—**	**–238**	**—**	**–238**	**—**	**–238**
Total comprehensive income for the period	**—**	**—**	**–238**	**2,607**	**2,369**	**—**	**2,369**
Share-based payment	—	—	—	18	18	—	18
Sale of shares	—	—	—	69	69	—	69
Total transactions with equity holders	**—**	**—**	**—**	**87**	**87**	**—**	**87**
Closing balance, December 31, 2009	**1,545**	**2,905**	**1,814**	**12,577**	**18,841**	**—**	**18,841**

For additional information about share capital, number of shares and earnings per share, see Note 20 on page 54.

Cash flow

- Extra payments of SEK 3,935m to Group pension funds reduced balance-sheet risk exposure to pension commitments.
- Strong cash flow, excluding extra contributions to pension funds, generated by improvements in operating income and working capital.
- Ongoing structural efforts to reduce tied-up capital contributed to the strong cash flow.
- Capital expenditure declined to SEK 2,223m, as against SEK 3,158m in 2008.
- R&D costs decreased to 1.8% (2.0) of net sales.

Operating cash flow

Cash flow from operations and investments in 2009 showed a strong improvement amounting to SEK 5,330m (1,194). Exclusive of extra contribution to pension funds, cash flow amounted to SEK 9,265m.

In the fourth quarter, SEK 3,935m was paid to the Group's pension funds. This included payments to pension funds in Germany, the US and the UK. The payments have reduced the Group's pension net debt, limited risk exposure and volatility in pension liabilities.

The strong cash flow was generated by the improvement in income from operations and by changes in operating assets and liabilities. The Group's ongoing structural efforts to reduce tied-up capital contributed to the strong cash flow in 2009. Inventory levels declined steadily during the year. The Group's inventories, trade receivables and accounts payable developed favorably in relation to net sales, see table on page 14.

Outlays for the ongoing restructuring and cost-cutting programs amounted to approximately SEK 1,130m.

Capital expenditure, by business area

SEKm	**2009**	2008
Consumer Durables		
Europe	1,187	1,569
% of net sales	2.8	3.5
North America	470	917
% of net sales	1.3	2.8
Latin America	311	362
% of net sales	2.2	3.3
Asia/Pacific and Rest of world	131	185
% of net sales	1.3	2.0
Professional Products	107	98
% of net sales	1.5	1.3
Other	17	27
Total	**2,223**	**3,158**
% of net sales	2.0	3.0

Capital expenditure

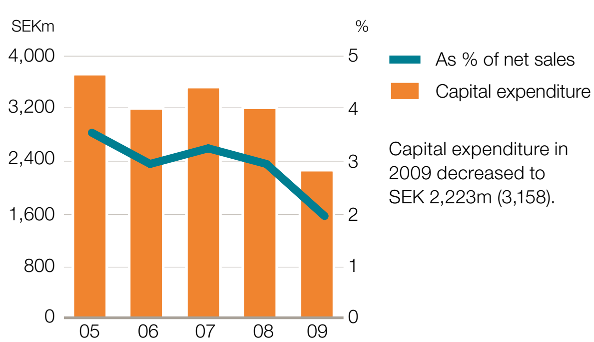
Capital expenditure in property, plant and equipment in 2009 decreased to SEK 2,223m (3,158). Capital expenditure corresponded to 2.0% (3.0) of net sales. Investments during 2009 referred mainly to manufacturing systems for new products, and to reinvestment. In 2008, investments included new plants in connection with relocation of production. In 2008, production started at the new plant for front-loaded washing machines in Juarez, Mexico.

Costs for R&D

Costs for research and development in 2009, including capitalization of SEK 370m (544), amounted to SEK 1,991m (2,092), corresponding to 1.8% (2.0) of net sales. R&D projects during the year mainly referred to development of new products and design projects within appliances in Europe, North America and Latin America as well as within floor-care operations.

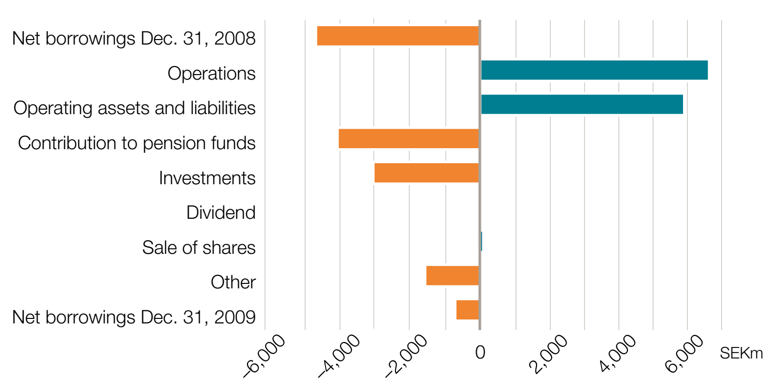
For definitions, see Note 30 on page 69.

Capital expenditure



Capital expenditure in 2009 decreased to SEK 2,223m (3,158).

Cash flow and change in net borrowings



Consolidated cash flow statement

SEKm	Note	**2009**	2008
Operations			
Operating income		3,761	1,188
Depreciation and amortization		3,442	3,010
Capital gain/loss included in operating income		—	–198
Restructuring provisions		434	1,134
Share-based compensation		18	–41
Financial items paid, net		–348	–729
Taxes paid		–929	–918
Cash flow from operations, excluding change in operating assets and liabilities		**6,378**	**3,446**
Change in operating assets and liabilities			
Change in inventories		2,276	923
Change in trade receivables		1,209	1,869
Change in other current assets		487	–178
Change in accounts payable		628	–686
Extra contributions to pension funds		–3,935	—
Change in operating liabilities and provisions		1,254	–425
Cash flow from change in operating assets and liabilities		**1,919**	**1,503**
Cash flow from operations		**8,297**	**4,949**
Investments			
Divestment of operations	26	4	–34
Capital expenditure in property, plant and equipment	12	–2,223	–3,158
Capitalization of product development	13	–370	–544
Other		–378	–19
Cash flow from investments		**–2,967**	**–3,755**
Cash flow from operations and investments		**5,330**	**1,194**
Financing			
Change in short-term investments		–2,734	–128
Change in short-term borrowings		–1,131	–681
New long-term borrowings	18	1,639	5,289
Amortization of long-term borrowings	18	–1,040	–2,923
Dividend		—	–1,204
Sale of shares		69	17
Cash flow from financing		**–3,197**	**370**
Total cash flow		**2,133**	**1,564**
Cash and cash equivalents at beginning of period		**7,305**	**5,546**
Exchange-rate differences referring to cash and cash equivalents		99	195
Cash and cash equivalents at end of period		**9,537**	**7,305**

Share capital and ownership

Share capital and ownership structure

As of February 1, 2010, the share capital of AB Electrolux amounted to SEK 1,545m, corresponding to 308,920,308 shares. The share capital of Electrolux consists of A-shares and B-shares. An A-share entitles the holder to one vote and a B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. In accordance with the Swedish Companies Act, the Articles of Association of Electrolux also provide for specific rights of priority for holders of different types of shares, in the event that the company issues new shares or certain other instruments.

According to Electrolux Articles of Association, owners of A-shares have the right to have such shares converted to B-shares. The purpose of the conversion clause is to give holders of A-shares an opportunity to achieve an improved liquidity in their shareholdings. Conversion reduces the total number of votes in the company. In January 2010, at the request of shareholders, 439,150 A-shares were converted to B-shares. The total number of votes thereafter amounts to 39,048,843 and the total number of shares to 308,920,308 shares, of which 9,063,125 are A-shares and 299,857,183 are B-shares.

According to the register of Euroclear Sweden, there were approximately 52,000 shareholders in AB Electrolux as of December 31, 2009. Investor AB is the largest shareholder, owning 12.7% of the share capital and 28.8% of the voting rights. Information on the shareholder structure is updated quarterly at www.electrolux.com

The Group's pension fund owned 450,000 B-shares in AB Electrolux as of February 1, 2010.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	12.7	28.8
BlackRock Funds	5.5	4.3
AllianceBernstein	5.2	4.1
Swedbank Robur Funds	3.7	2.9
Alecta Pension Insurance	3.3	3.8
AMF Insurance & Funds	1.9	1.5
SHB Funds	1.8	1.4
Second Swedish National Pension Fund	1.5	1.1
Government of Norway	1.5	1.1
Fourth Swedish National Pension Fund	1.3	1.0
Total, ten largest shareholders	**38.4**	**50.1**
Board of Directors and Group Management, collectively	0.09	0.07

Source: SIS Ägarservice as of December 31, 2009, and Electrolux.

Electrolux will be delisted from the LSE

Electrolux has applied for delisting from the London Stock Exchange (LSE). The Electrolux B-share has been listed on the LSE since 1928.

The LSE listing has been a part of a strategy to increase international ownership in Electrolux. However, this listing is no longer deemed necessary due to the deregulation of international capital markets and the increased foreign ownership of shares on the Nasdaq OMX Stockholm.

In recent years, trading of Electrolux shares on the LSE has been limited. The delisting will become effective during the first quarter of 2010.

Electrolux has also exited its other international listings in recent years, including those of Paris, Zurich and Geneva as well as New York's Nasdaq.

Articles of Association

AB Electrolux Articles of Association stipulate that the AGM shall always resolve on the appointment of the members of the Board of Directors. Apart from that, the articles do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles.

A shareholder participating in the AGM is entitled to vote for the full number of shares which he or she owns or represents. Outstanding shares in the company may be freely transferred, without restrictions under law or the company's Articles of Association. Electrolux is not aware of any agreements between shareholders, which limit the right to transfer shares. The full Articles of Association can be downloaded at www.electrolux.com.

Effect of significant changes in ownership structure on long-term financing

Part of the Group's long-term financing is subject to conditions which stipulate that a lender may request advance repayment in the event of significant changes in the ownership of the company. Such significant change could result from a public bid to acquire Electrolux shares.

Ownership structure

Swedish institutions and mutual funds, 49%

Foreign investors, 43%

Private Swedish investors, 8%

At year-end, about 43% of the total share-capital was owned by foreign investors.

Source: SIS Ägarservice as of December 31, 2009.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1–1,000	3.6	46,012	88.5
1,001–10,000	4.4	5,135	9.9
10,001–20,000	3.3	232	0.4
20,001–	88.7	607	1.2
Total	**100**	**51,986**	**100**

Source: SIS Ägarservice as of December 31, 2009.

Distribution of funds to shareholders

Proposed dividend

The Board of Directors proposes a dividend for 2009 of SEK 4.00 (0) per share, for a total dividend payment of SEK 1,138m (0). The proposed dividend corresponds to 30% of income for the period, excluding items affecting comparability. Tuesday, April 6, 2010, is proposed as record date for the dividend.

The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability. Historically, the Electrolux dividend rate has been considerably higher than 30%. Electrolux also has a long tradition of high total distribution to shareholders that includes repurchase and redemptions of shares as well as dividends.

No dividend was paid for 2008, as a consequence of the low income for the period, the sharp decline in demand and the great uncertainty on the development of the market for 2009.

Repurchase and transfer of shares

Electrolux has during several years, on the basis of authorizations by the Annual General Meetings (AGM), acquired and transferred own shares, see graph below. The purpose of the repurchase programs has been to adapt the Group's capital structure, thus contributing to increased shareholder value. The mandate has enabled Electrolux to purchase up to 10% of the total number of outstanding shares.

In accordance with the proposal by the Board of Directors, the AGM 2009 decided to authorize the Board to transfer own shares on the account of company acquisitions during the period up until the AGM in 2010. The Board of Directors did not request any mandate from the AGM to repurchase additional shares in the company.

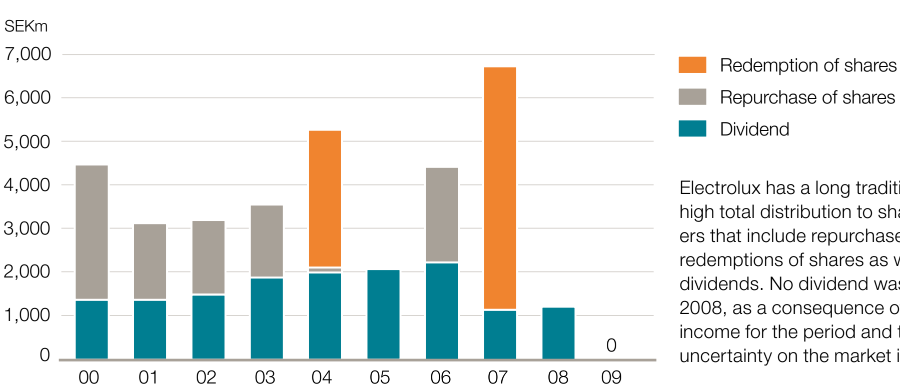
The AGM also authorized transfers of up to 3,000,000 repurchased B-shares to cover costs that may arise as a result of the previous employee stock-option programs for 2002-2003 and the Electrolux Performance Share Program 2007.

As of December 31, 2009, Electrolux held 24,498,841 B-shares, corresponding to 7.9% of the total number of outstanding shares, see table below. There has been no change as of February 1, 2010.

Number of shares

	Outstanding A-shares	Outstanding B-shares	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2009	**9,502,275**	**299,418,033**	**25,338,804**	**283,581,504**
Shares sold under the terms of the employee stock option programs	—	—	–839,963	839,963
Shares alloted under the Performance Share Program	—	—	—	—
Total number of shares as of December 31, 2009	**9,502,275**	**299,418,033**	**24,498,841**	**284,421,467**
As % of total number of shares			**7.9**	

Total distribution to shareholders



Electrolux has a long tradition of high total distribution to shareholders that include repurchases and redemptions of shares as well as dividends. No dividend was paid for 2008, as a consequence of the low income for the period and the uncertainty on the market in 2009.

Risks and uncertainty factors

The turbulence in financial markets and the downturn in the business cycle during 2008 and 2009 have emphasized the importance of limiting and controlling risks.

Risks in connection with the Group's operations can, in general, be divided into operational risks related to business operations and those related to financial operations. Operational risks are normally managed by the operative units within the Group, and financial risks by the Group's treasury department.

Risks and uncertainty factors

Electrolux operates in competitive markets, most of which are relatively mature. Demand for appliances varies with general business conditions, and price competition is strong in a number of product categories. Electrolux ability to increase profitability and shareholder value is largely dependent on its success in developing innovative products and maintaining cost-efficient production. Major factors for maintaining and increasing competitiveness include managing fluctuations in prices for raw materials and components as well as implementing restructuring. In addition to these operative risks, the Group is exposed to risks related to financial operations, e.g., interest risks, financing risks, currency risks and credit risks. The Group's development is strongly affected by external factors, of which the most important in terms of managing risks currently include:

Variations in demand

Demand for appliances is affected by the general business cycle. A deterioration in these conditions may lead to lower sales volumes as well as a shift of demand to low-price products, which generally have lower margins. Utilization of production capacity may also decline in the short term. The global economic trend is an uncertainty factor in terms of the development of earnings in 2010.

Price competition

A number of the markets in which Electrolux operates features strong price competition. The Group's strategy is based on innovative products and brand-building, and is aimed, among other things, at minimizing and offsetting price competition for its products. A continued downturn in market conditions involves a risk of increasing price competition.

Changes in prices for raw materials and components

The raw materials to which the Group is mainly exposed comprise steel, plastics, copper and aluminum. Bilateral agreements are used to manage price risks. To some extent, raw materials are purchased at spot prices. There is considerable uncertainty regarding trends for the prices of raw materials.

Access to financing

The Group's loan-maturity profile for 2010 and 2011 represents maturities of approximately SEK 2,200m in long-term borrowings.

Electrolux has an unused revolving credit facility for long- or short-term back-up.

Risks, risk management and risk exposure are described in more detail in:

- Note 1 Accounting principles on page 29.
- Note 2 Financial risk management on page 37.
- Note 18 Financial instruments on page 47.

Sensitivity analysis

Risk	Change		Pre-tax earings impact, SEKm
Raw materials			
Steel	10%	+/–	900
Plastics	10%	+/–	400
Currencies[1] and interest rates			
EUR/SEK	–10%	+	529
USD/SEK	–10%	+	385
BRL/SEK	–10%	–	254
AUD/SEK	–10%	–	246
GBP/SEK	–10%	–	224
Interest rate	1 percentage point	+/–	60

1) Includes translation and transaction effects.

Raw materials exposure

- Carbon steel, 39%
- Stainless steel, 8%
- Plastics, 23%
- Copper and aluminum, 11%
- Other, 19%

In 2009, Electrolux purchased raw materials for approximately SEK 19 billion. Purchases of steel accounted for the largest cost.

Employees

People Vision
The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive changes and go beyond in delivering on the Group's strategy and performance objectives. The Electrolux culture features diversity and innovation. Development of innovative products is a vital part of it. Diversity is a prerequisite for Electrolux ability to compete in a global market. Personnel with diverse backgrounds create greater understanding of consumer need in different countries.

Electrolux has a number of tools that contribute to the realization of the People Vision, including leadership development programs at all levels of management, the Talent Management program, succession planning, the internal Open Labor Market (OLM), and the web-based Employee Attitude Survey (EAS).

Code of Conduct
The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business sectors. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance.

Number of employees
The average number of employees in 2009 was 50,633 (55,177), of whom 2,445 (2,865) were in Sweden. At year-end, the total number of employees was 51,750 (52,034).

Salaries and remuneration in 2009 amounted to SEK 13,162m (12,662), of which SEK 973m (1,061) refers to Sweden.

Proposal for remuneration guidelines for Group Management
The Board of Directors will propose the following guidelines for remuneration and other terms of employment for the President and CEO and other members of Group Management of Electrolux to the Annual General Meeting (AGM) 2010. The proposed guidelines for 2010 are essentially in accordance with the guidelines which were approved by the AGM in 2009.

The principles shall be applied for employment agreements entered into after the AGM in 2010 and for changes made to existing employment agreements thereafter.

Remuneration for the President and CEO is resolved upon by the AB Electrolux Board of Directors, based on the recommendation of the Remuneration Committee. Remuneration for other members of Group Management is resolved upon by the Remuneration Committee and reported to the Board of Directors.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for Group Management can comprise the components as are set forth hereafter.

For a detailed description on remuneration to Group Management and related costs, see Note 27 on page 61.

Fixed compensation
Annual Base Salary (ABS) shall be competitive relative to the relevant country market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

Variable compensation
Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay out shall be made.

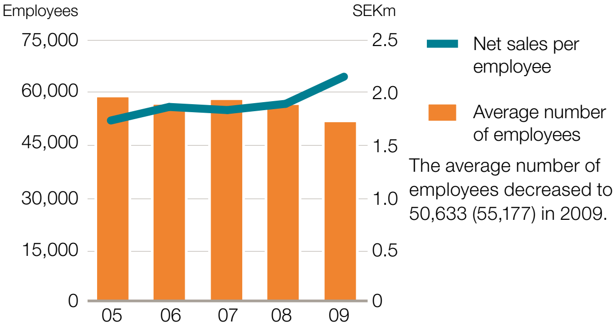
The targets shall principally relate to financial performance, for shorter (up to 1 year) or longer (3 years or longer) periods.

Non-financial targets may also be used in order to strengthen the focus on delivering on the Group's strategic plans or to clarify that an own investment in Electrolux shares or other commitment is required. The targets shall be specific, clear, measurable and time-bound and be determined by the Board of Directors.

Number of employees

Average number of employees in 2008	**55,177**
Number of employees in divested operations	0
Restructuring programs	–3,702
Other changes	–842
Average number of employees in 2009	**50,633**

Employees



The average number of employees decreased to 50,633 (55,177) in 2009.

Short Term Incentive (STI)

Group Management members shall participate in a STI plan under which they may receive variable compensation. The main objectives in the STI shall be on financial targets. These shall be set based on annual financial performance of the Group and, for the sector heads, of the sector for which the Group Management member is responsible.

The maximum STI entitlements shall be dependent on job size and may amount up to a maximum of 100% of ABS. Reflecting market norms, the STI entitlement for Group Management members in the USA is 150% of ABS if the maximum performance level is reached. At midpoint they are entitled to payment up to 100% of ABS. For the President and CEO, the maximum STI entitlement amounts to 110% of ABS; at midpoint the STI is calculated at 70% of ABS.

Long Term Incentive (LTI)

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. Long-term incentive programs shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux.

For a detailed description of all programs and related costs, see Note 27 on page 61.

Proposal for performance-based long-term share program 2010

The Board of Directors will present a proposal to the AGM in 2010 for a performance-based long-term share program in 2010. The proposed program will include performance targets for average annual growth in earnings per share (EPS). The proposed program will include up to 160 senior managers and key employees, making participation conditional upon the saving of money in 2010 by the participants to acquire Electrolux B-shares. In addition to providing performance based shares, the 2010 program will also provide free matching shares, provided the participant is still employed on the last day of the performance period and also still has full ownership of the shares acquired in connection with the participation. For each share owned, the participant will receive one free share in 2013.

Details of the program will be included in the information for the AGM 2010.

Extraordinary arrangements

Other variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement shall, in addition to the target requirements set out above, be made for recruitment or retention purposes, are agreed on an individual basis, shall never exceed three (3) times the ABS and shall be earned and/or paid out in installments over a minimum of two (2) years.

Insurable benefits

Old age pension, disability benefits and medical benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved.

Other benefits

Other benefits may be provided on individual level or to the entire Group Management. These benefits shall not constitute a material portion of total remuneration.

Notice of termination and severance pay

The notice period shall be twelve months if the Group takes the initiative and six months if the Group Management member takes the initiative.

In individual cases, severance arrangements may be approved in addition to the notice periods. Severance arrangements may only be payable upon the Group's termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in, e.g., the event of a substantial change in ownership of Electrolux in combination with a change in reporting line and/or job scope.

Severance arrangements may provide as a benefit to the individual the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources, whether from employment or independent activities.

Deviations from the guidelines

The Board of Directors shall be entitled to deviate from these guidelines if special reasons for doing so exist in any individual case.

Other facts

Keith McLoughlin new Chief Operations Officer Major Appliances

Keith McLoughlin was appointed Chief Operations Officer Major Appliances in July 2009. Keith McLoughlin is responsible for a new global organization for R&D, purchasing and manufacturing with the objective of taking full advantage of the Group's global reach and economies of scale. Keith McLoughlin is a member of Group Management and reports to the President and CEO Hans Stråberg. Previously, Keith McLoughlin was head of Electrolux Major Appliances North America.

Kevin Scott new head of Major Appliances North America

Kevin Scott was appointed new head of Major Appliances North America in July 2009. He succeeded Keith McLoughlin, who has a new appointment as head of global operations for major appliances, see above. Kevin Scott is a member of Group Management and reports to the President and CEO Hans Stråberg. Previously, Kevin Scott held various management positions within Electrolux Major Appliances North America. Prior to joining Electrolux, Mr Scott held senior positions with DuPont and Pepsi.

Alberto Zanata new head of Professional Products

Alberto Zanata was appointed new head of Electrolux Professional Products in June 2009. He succeeded Dr. Detlef Münchow, who has left the Group. Alberto Zanata is a member of Group Management and reports to the President and CEO Hans Stråberg. Previously, Mr Zanata has held various management positions within Electrolux operations for professional products.

Asbestos litigation in the US

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. Some of the cases involve multiple plaintiffs who have made identical allegations against many other defendants who are not part of the Electrolux Group.

As of December 31, 2009, the Group had a total of 2,818 (2,639) cases pending, representing approximately 3,120 (approximately 3,200) plaintiffs. During 2009, 760 new cases with approximately 760 plaintiffs were filed and 581 pending cases with approximately 850 plaintiffs were resolved. Approximately 40 of the plaintiffs relate to cases pending in the state of Mississippi.

The Group reached an agreement in 2007 with many of the insurance carriers that issued general liability insurance to certain predecessors of the Group who manufactured industrial products, some of which are alleged to have contained asbestos. Under this agreement the insurance carriers have agreed to reimburse the Group for a portion of the past and future costs incurred in connection with asbestos-related lawsuits for such products. The term of the agreement is indefinite but subject to termination upon 60 days notice. If terminated, all parties would be restored to all of their rights and obligations under the affected insurance policies.

Additional lawsuits may be filed against Electrolux in the future. It is not possible to predict either the number of future claims or the number of plaintiffs that any future claims may represent. In addition, the outcome of asbestos claims is inherently uncertain and always difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of claims will not have a material adverse effect on its business or on results of operations in the future.

Environmental activities

In 2009, Electrolux operated 51 manufacturing facilities in 17 countries. Manufacturing comprises mainly assembly of components made by suppliers. Other processes include metalworking, molding of plastics, painting and enameling.

Chemicals such as lubricants and cleaning fluids are used as process aids. Chemicals used in Group products include insulation materials, paint and enamel. Production processes generate an environmental impact in the form of water and airborne emissions, solid waste and noise.

Studies of the total environmental impact of the Group's products during their entire lifetime, i.e., from production and use to recycling, indicate that the greatest environmental impact is generated when the products are used. The Electrolux strategy is to develop and actively promote increased sales of products with lower environmental impact.

Mandatory permits and notification in Sweden and elsewhere

Electrolux operates four plants in Sweden. Permits are required by authorities for all of these plants, which account for approximately 3% of the total value of the Group's production. Three of these plants are required to submit notification. The permits cover, e.g., thresholds or maximum permissible values for air and waterborne emissions and noise. No significant non-compliance with Swedish environmental legislation was reported in 2009.

Manufacturing units in other countries adjust their operations, apply for necessary permits and report to the authorities in accordance with local legislation. The Group follows a precautionary principle with reference to both acquisitions of new plants and continuous operations. Potential non-compliance, disputes or items that pose a material financial risk are reported to Group level in accordance with Group policy. No such significant item was reported in 2009.

Electrolux products are affected by legislation in various markets, principally involving energy consumption, producer responsibility for recycling, and restriction and management of hazardous substances. Electrolux continuously monitors changes in legislation, and both product development and manufacturing are adjusted to reflect these changes.

Parent Company

The Parent Company comprises the functions of the Group's head office, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company in 2009 amounted to SEK 5,928m (5,808), of which SEK 3,243m (3,026) referred to sales to Group companies and SEK 2,685m (2,782) to external customers. All of the Parent Company's sales was made within Europe. After appropriations of SEK 20m (20) and taxes of SEK 174m (38), income for the period amounted to SEK 3,355m (633).

Non-restricted equity in the Parent Company at year-end amounted to SEK 12,694m.

Net financial exchange-rate differences during the year amounted to SEK 455m (–171).

These differences in Group income do not normally generate any effect, as exchange-rate differences are offset against translation differences, i.e., the change in other comprehensive income arising from the translation of net assets in foreign subsidiaries to SEK at year-end rates.

Group contributions in 2009 amounted to SEK 45m (153). Group contributions net of taxes amounted to SEK 33m (110) and are reported in retained earnings. See "Change in equity" on the next page.

For information on the number of employees as well as salaries and remuneration, see Note 27 on page 61.
For information on shareholdings and participations, see Note 29 on page 67.

INCOME STATEMENT

SEKm	Note	2009	2008
Net sales		**5,928**	**5,808**
Cost of goods sold		–4,368	–5,046
Gross operating income		**1,560**	**762**
Selling expenses		–865	–761
Administrative expenses		–367	–312
Other operating income	5	160	33
Other operating expenses	6	–1,083	–328
Operating income		**–595**	**–606**
Financial income	9	3,989	2,643
Financial expenses	9	–233	–1,462
Financial items, net		**3,756**	**1,181**
Income after financial items		**3,161**	**575**
Appropriations	21	20	20
Income before taxes		**3,181**	**595**
Taxes	10	174	38
Income for the period		**3,355**	**633**

BALANCE SHEET

SEKm	Note	December 31, **2009**	December 31, 2008
ASSETS			
Non-current assets			
Intangible assets	13	1,363	1,103
Property, plant and equipment	12	278	374
Deferred tax assets		167	—
Other non-current assets	14	25,093	25,016
Total non-current assets		**26,901**	**26,493**
Current assets			
Inventories	15	102	237
Receivables from subsidiaries		12,004	13,095
Trade receivables		319	371
Derivatives with subsidiaries		801	818
Derivatives		376	1,382
Other receivables		86	88
Prepaid expenses and accrued income		113	96
Short-term investments		2,934	216
Cash and bank		3,869	4,045
Total current assets		**20,604**	**20,348**
Total assets		**47,505**	**46,841**

EQUITY AND LIABILITIES

SEKm	Note	December 31, 2009	December 31, 2008
Equity			
Restricted equity			
Share capital	20	1,545	1,545
Statutory reserve		3,017	3,017
		4,562	**4,562**
Non-restricted equity			
Retained earnings		9,339	8,477
Income for the period		3,355	633
		12,694	**9,110**
Total equity		**17,256**	**13,672**
Untaxed reserves	21	**684**	**704**
Provisions			
Provisions for pensions and similar commitments	22	374	356
Other provisions	23	210	262
Total provisions		**584**	**618**
Non-current liabilities			
Payable to subsidiaries		—	66
Bond loans		5,803	4,904
Other non-current loans		3,709	4,274
Total non-current liabilities		**9,512**	**9,244**
Current liabilities			
Payable to subsidiaries		16,328	18,381
Accounts payable		321	336
Other liabilities		75	84
Short-term borrowings		926	1,047
Derivatives with subsidiaries		535	1,292
Derivatives		341	693
Accrued expenses and prepaid income	24	943	770
Total current liabilities		**19,469**	**22,603**
Total liabilities and provisions		**29,565**	**32,465**
Total liabilities, provisions and equity		**47,505**	**46,841**
Pledged assets	19	**4**	**36**
Contingent liabilities	25	**1,818**	**1,720**

CASH FLOW STATEMENT

SEKm	**2009**	2008
Operations		
Income after financial items	3,161	575
Depreciation and amortization	222	188
Capital gain/loss included in operating income	926	292
Taxes paid	–4	–5
Cash flow from operations, excluding change in operating assets and liabilities	**4,305**	**1,050**
Change in operating assets and liabilities		
Change in inventories	135	124
Change in trade receivables	52	67
Change in current intra-group balances	386	–1 444
Change in other current assets	991	–1,020
Change in other current liabilities and provisions	–237	446
Cash flow from operating assets and liabilities	**1,327**	**–1,827**
Cash flow from operations	**5,632**	**–777**
Investments		
Change in shares and participations	–1,037	–315
Capital expenditure in intangible assets	–394	–407
Capital expenditure in property, plant and equipment	–21	–46
Other	201	–583
Cash flow from investments	**–1,251**	**–1,351**
Total cash flow from operations and investments	**4,381**	**–2,128**
Financing		
Change in short-term investments	–2,718	–211
Change in short-term borrowings	123	–684
Change in intra-group borrowings	–2,110	2,610
New long-term borrowings	1,531	5,568
Amortization of long-term borrowings	–1,441	–2,914
Dividend	—	–1,204
Sale of shares	58	128
Cash flow from financing	**–4,557**	**3,293**
Total cash flow	**–176**	**1,165**
Liquid funds at beginning of year	**4,045**	**2,880**
Liquid funds at year-end	**3,869**	**4,045**

CHANGE IN EQUITY

SEKm	Share capital	Restricted reserves	Non-restricted equity	Total
Opening balance, January 1, 2008	**1,545**	**3,017**	**9,846**	**14,408**
Share-based payments	—	—	–8	–8
Revaluation of external shares	—	—	–403	–403
Income for the period	—	—	633	633
Dividend payment	—	—	–1,204	–1,204
Sale of shares	—	—	139	139
Cash-flow hedges	—	—	–3	–3
Group contribution	—	—	110	110
Closing balance, December 31, 2008	**1,545**	**3,017**	**9,110**	**13,672**
Share-based payments	—	—	5	5
Revaluation of external shares	—	—	138	138
Income for the period	—	—	3,355	3,355
Sale of shares	—	—	69	69
Cash-flow hedges	—	—	–14	–14
Write-down of revaluation fund	—	—	–2	–2
Group contribution	—	—	33	33
Closing balance, December 31, 2009	**1,545**	**3,017**	**12,694**	**17,256**