

BASE PROSPECTUS

AB ELECTROLUX (publ)

(Incorporated as a public company with limited liability under the laws of Sweden)

EUR 2,000,000,000

Euro Medium Term Note Programme

Under the EUR 2,000,000,000 Euro Medium Term Note Programme (the **Programme**), AB Electrolux (publ) (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement as defined herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "General Description of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market (the **Market**) and to be listed on the Official List of the Luxembourg Stock Exchange. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Base Prospectus in the case of listed Notes only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the Final Terms.

Arranger
DEUTSCHE BANK
Dealers
DEUTSCHE BANK

CITIGROUP
DANSKE BANK
J.P. MORGAN
NORDEA
SEB

CRÉDIT AGRICOLE CIB
HSBC
MORGAN STANLEY
THE ROYAL BANK OF SCOTLAND
SWEDBANK

The date of this Base Prospectus is 8 June, 2012.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the *Prospectus Directive*) as amended (which includes the amendments made by Directive 2010/73/EU (the 2010 PD Amending Directive) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area).

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries (together, *the Group*). Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*")

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be

lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Sweden) and Japan (see "*Subscription and Sale*").

Neither this Prospectus nor any Final Terms nor any financial statements nor any other information supplied in connection with the Programme or the Notes constitutes an offer by the Issuer or the Dealers to any person to subscribe for or to purchase any Notes.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to "*U.S. dollars*", "*U.S.\$*" "*\$*" refer to United States dollars and to "*SEK*" refer to Swedish Krona. In addition, all references to "*euro*", "*EUR*" and "*€*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

	Page
Risk Factors.....	5
Documents Incorporated by Reference	13
General Description of the Programme	15
Form of the Notes	18
Applicable Final Terms.....	20
Terms and Conditions of the Notes	28
Use of Proceeds	46
Description of AB Electrolux (publ).....	47
Taxation.....	56
Subscription and Sale	58
General Information	61

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Market competition and price pressure

The markets for the Group's products are highly competitive and there is considerable pressure to reduce prices, especially when faced with an economic downturn and possible reductions in consumer demand. The Group faces strong competitors, who may prove to have greater resources in a given business area, and the likely emergence of new competitors, particularly from Asia and Eastern Europe. Some industries in which the Group operates are undergoing consolidation, which may result in stronger competitors and a change in the Group's relative market position. In response to an increasingly competitive environment, the Group and other manufacturers may be forced to increase efficiency by further reducing costs along the value chain, including at the level of suppliers. The development of alternative distribution channels, such as the Internet, could also contribute to further price pressure within the Group's markets. There can be no assurances that the Group will be able to adapt to these changes and increase or maintain its market share.

Global economic conditions

Conditions in many of the economies in which the Group operates and the global economy remain very uncertain. The business environment in some of the markets in which the Group operates may be adversely affected by political as well as economic instability. A lengthy recession or sustained loss of consumer confidence in the markets in which the Group operates could trigger a significant industry-wide decline in sales and could also lead to slower economic growth and a corresponding significant reduction in demand. A decline in demand could, besides a decline in sales, also entail a shift in demand to low-price products for which margins are often lower. In the short term, an economic decline can also affect utilization of production capacity, all of which could have an adverse impact on the operations of the Group. For more information please see "*Description of AB Electrolux (Publ) – Business Profile*".

Risks relating to the relocation of manufacturing capacity

As part of its cost reduction strategy the Group has in the past, and will in the future, relocate some of its manufacturing capacity to low cost countries. The transfer of production from one facility to another is a costly and complex process, and presents the possibility of additional disruptions and delays during the transition period. In addition, during relocation the Group will be dependent on cost-efficient deliveries of components and half-finished goods from suppliers. The Group might not be able to successfully transition production to different facilities. Any prolonged disruption in the operations of any of its manufacturing facilities or any unforeseen delay in shifting manufacturing operations to new facilities, whether due to technical or labour difficulties or delays in regulatory approvals, could result in delays in shipments of products to the Group's customers, increased costs and reduced revenues.

Exposure to retail chains and dependence on large customers

Major customers (including large retail chains) account for a large part of the Group's sales. If the Group were to experience a material reduction in orders or become unable to collect fully its accounts receivable from any major customer, its net sales and financial results would suffer. The

weak trend in the major Electrolux markets in 2011 impacted the Group's retailers who experienced difficult trading conditions but this did not result in any increases in credit losses for Electrolux.

Development of new and innovative products

Product innovation and development are critical factors in improving margins and enabling net sales growth in all of the Group's product lines. To meet the customers' needs in these businesses, the Group must continuously design new, and update existing, products and services and invest in and develop new technologies. Product development is also driven by customer demand for better environmental performance and lower cost of use. Introducing new products requires significant management time and a high level of financial and other commitments to research and development, which may not result in success. Group sales and the Issuer's net income may suffer if investments are made in technologies that do not function as expected or are not accepted in the marketplace.

Acquisitions and dispositions

The Group has in the past, and may in the future, increase significant market positions in its product areas through organic growth and acquisitions and by improving operational efficiencies. Expansion through acquisitions is inherently risky due to the difficulties of integrating people, operations, technologies and products. The Group may incur significant acquisition, administrative and other costs in connection with any such transactions, including costs related to integration of acquired or restructured businesses. There can be no assurances that the Group will be able to successfully integrate any businesses it acquires into existing operations or that they will perform according to expectations once integrated. Similarly, dispositions of certain non-core assets may prove more costly than anticipated and may affect its net sales and results of operations.

Implementation of cost-reduction measures and generation of expected cost-savings

The Group has implemented restructuring programs to improve operating efficiencies and profitability. These restructuring measures included the divestitures of unprofitable non-core operations, layoffs of employees, consolidation of manufacturing operations, relocation of the Group's production from high-cost countries to those with lower cost levels and other cost-cutting measures. The Group has also put substantial effort into driving down costs and complexity throughout the supply chain by improving integration of the supply chain and demand flow management. There can be no assurances that these measures will generate the level of cost savings that the Group has estimated going forward.

Dependency on third-party suppliers

The Group's manufacturing process depends on the availability and timely supply of components and raw materials, generally from third-party suppliers. While supply problems can affect the performance of most of the Group's business sectors, it is particularly sensitive to supply problems related to electronic components, compressors, steel, plastics, aluminium and copper. The Group works closely with its suppliers to avoid supply-related problems and is increasing its supply of sourced finished products, but there can be no assurances that it will not experience problems in the future.

Risks related to changes in commodity prices

The Group is subject to risks related to changes in commodity prices as the ability to recover increased costs through higher pricing may be limited by the competitive environment in which it operates. The recent development in many commodity markets has resulted in higher prices, particularly for steel, plastics, copper and aluminium. The Group's commodity risk is mainly hedged through bilateral contracts with suppliers but there can be no assurances that this hedging activity will be sufficient or effective in reducing costs.

Risks in foreign exchange and interest rates

The Group operates in more than 100 countries around the world and as a result is subject to the risks associated with cross-border transactions. In particular, the Group is exposed to foreign currency exchange rate risks and risks relating to delayed payments from customers in certain countries or difficulties in the collection of receivables generally. The Group is also subject to risks arising from translation of balance sheets and income statements of foreign subsidiaries to Swedish Krona as well as through export of products and sales outside the country of manufacture, i.e., transaction exposure. Changes in exchange rates also affect Group equity. The difference between assets and liabilities in foreign countries is subject to these changes and comprises a net foreign investment.

While the Group's geographically widespread production and its hedging transactions reduce the effects of changes in exchange rates, there can be no assurances that these measures will be sufficient to protect the Group from foreign exchange movements.

In addition, the Group holds assets and liabilities to manage the liquidity and cash needs of its day-to-day operations. These interest rate-sensitive assets and liabilities are subject to interest rate risk. While these interest rate exposures are minimized to some extent by the use of derivative financial instruments, there can be no assurances that these hedging activities will be effective or sufficient.

Pension commitments

The Group has pension and healthcare benefit obligations in various countries of which the main part is funded via investments in equities, bonds, and other external assets in pension schemes. Changes in the value of assets and commitments year-on-year depend primarily on trends in interest rates and stock markets. Changes in the assumptions regarding average life expectancy and the costs of health care are also factors that affect pension commitments. Any shortfall in the Group's funding obligations may require significant additional funding to the detriment of the Issuer.

Regulatory risks associated with international operations

As a result of its worldwide operations, the Group is subject to a wide variety of complex laws, regulations and controls, and various non-binding treaties and guidelines, such as those related to employee safety, employee relations, product safety and exchange controls. The Group expects that sales to, as well as manufacturing in, and sourcing from, emerging markets, particularly China, Southeast Asia, Eastern Europe and Mexico, will continue to be an increasing portion of its total operations. Changes in regulatory requirements, economic and political instability, tariffs and other trade barriers and price or exchange controls could limit its operations in these countries and make the repatriation of profits difficult. In addition, the uncertainty of the legal environment in certain of the countries in which it operates could limit the Group's ability to effectively enforce its rights in those markets.

Environmental risks

The Group's operations are subject to numerous European Union (the **EU**) national and local environmental, health and safety directives, laws and regulations, including those pertaining to the storage, handling, treatment, transportation and disposal of hazardous and toxic materials, the construction and operation of its plants and standards relating to the discharge of pollutants to air, soil and water. Although the Group believes its operations are in substantial compliance with presently applicable environmental, health and safety laws and regulations, violations of such laws and regulations have occurred from time to time and may occur in the future. In addition, risks of substantial costs and liabilities, including for the investigation and remediation of past or present contamination, are inherent in the Group's ongoing operations and its ownership or occupation of industrial properties, and may arise specifically from its planned closure of certain of its manufacturing plants.

Other developments, such as increased requirements under environmental, health and safety laws and regulations, increasingly strict enforcement of them by governmental authorities, and claims for damage to property or injury to persons resulting from environmental, health or safety impacts of the Group's operations or past contamination, could prevent or restrict its operations, result in the imposition of fines, penalties or liens, or give rise to civil or criminal liability.

The Group maintains liability insurance at levels that management believes are appropriate and in accordance with industry practice. In addition, the Group maintains provisions on its balance sheet for certain environmental remediation matters. There can be no assurances, however, that (i) the Group will not incur environmental losses beyond the limits, or outside the coverage, of any insurance or that any such losses would not have a material adverse effect on the results of its operations or financial condition, or (ii) the Group's provisions for environmental remediation will be sufficient to cover the ultimate loss or expenditure.

Pending lawsuits in the United States claiming asbestos-related personal injuries

Litigation and claims relating to asbestos are pending against the Group in the United States. Almost all of the cases relate to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made identical allegations against other defendants who are not part of the Group.

As of 31 December, 2011, the Group had a total of 2,714 (2,800 as of 31 December, 2010) cases pending, representing approximately 2,843 (approximately 3,050 as of 31 December, 2010) plaintiffs. During 2011, 1,005 new cases with 1,006 plaintiffs were filed and 1,091 pending cases with approximately 1,211 plaintiffs were resolved.

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 the Group 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 the Group 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.

Warranty expenses

The Group's value chain comprises all the steps in its operations, from research and development, through production, marketing and sales. Operational failures in its value chain processes could result in quality problems or potential product, labour safety, regulatory or environmental risks. Such risks are particularly present in relation to the Group's production facilities which are located all over the world and have a high degree of organizational and technological complexity. Unforeseen product quality problems in the development and production of new and existing products could result in loss of market share and significantly higher warranty expenses.

Product recalls or product liability actions

Under laws in many countries regulating consumer products, the Group may be forced to recall or repurchase some of its products under certain circumstances, and more restrictive laws and regulations may be adopted in the future. Any repurchase or recall of products could be costly to the Group and may damage its reputation. If the Group was required to remove, or it voluntarily removed, its products from the market, the Group's reputation could be tarnished and it might have large quantities of finished products that could not be sold. Accordingly, there can be no assurances that product recalls would not have a material adverse effect on the Group's business, results of operations and financial condition.

The Group also faces exposure to product liability claims in the event that one of its products is alleged to have resulted in property damage, bodily injury or other adverse effects. The Group has become implicated in certain lawsuits in the ordinary course of its business, including suits involving allegations of improper delivery of goods or services, product liability and product defects and quality problems. The Group is largely self-insured for product liability matters expected to occur in the normal course of business and funds these risks, for the most part, through wholly owned insurance subsidiaries. The Group accrues for such self-insured claims and litigation risks when it is probable that an obligation has been incurred and the amount can be reasonably estimated. In addition, for large catastrophic losses, the Group maintains excess product liability insurance with third-party carriers in amounts that it believes are reasonable. However, there can be no assurances that product liability claims will not have a material adverse effect on the Group's business, results of operations or financial condition.

Risks related to its insurance coverage

The Group maintains third-party insurance coverage and self-insures through wholly owned insurance subsidiaries (captives) for a variety of exposures and risks, such as property damage, business interruption and product liability claims. However, while the Group believes it has adequate insurance coverage for all anticipated exposures in line with industry standards, there can be no assurances that (i) the Group will be able to maintain such insurance on acceptable terms, if at all, at all times in the future or that claims will not exceed, or fall outside of, its third-party or captive insurance coverage or that its third-party insurers at all times will be able to meet its undertakings, or (ii) its provisions for uninsured or uncovered losses will be sufficient to cover its ultimate loss or expenditure.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may have the right to redeem or purchase all Notes following a Change of Control Put

The applicable Final Terms may provide that, upon a Change of Control (as defined in Condition 6.4(b)) occurring and certain other conditions being satisfied, Notes will be redeemable at the option of the Noteholders. If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased, as the case may be, pursuant to Condition 6.4(b), the Issuer may redeem or purchase all, but not some only, of the Notes then outstanding at their principal amount together with any interest accrued to, but excluding, the date of redemption. Investors who have not exercised their right to require the Issuer to redeem or purchase the Notes under Condition 6.4(b) may find, in this situation, that their Notes are redeemed. At that time, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the ***Investor's Currency***) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the ***CRA Regulation***) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or

certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Market value of the Notes

The market value of the Notes may be affected by the creditworthiness or perceived creditworthiness of the Issuer and a number of additional factors, including market interest, yield rates, and the market's perception of comparable debt instruments issued by other corporate or financial institutions.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

- (a) the unaudited interim report of the Issuer for the period ended 31 March, 2012:

Interim Report January – March 2012 Whole document

- (b) the following pages of the audited consolidated annual financial statement of the Issuer for the financial years ended 31 December, 2011:

2011 Annual Financial Statement

Consolidated Balance Sheet	Page 13
Consolidated Income Statement.....	Page 7
Notes.....	Pages 32 to 74
Audit Report.....	Page 76
Corporate Governance Report 2011	Pages 82 to 99

Any other information not listed above but contained in such document is incorporated by reference for information purposes only.

- (c) the following pages of the audited consolidated annual financial statement of the Issuer for the financial years ended 31 December, 2010:

2010 Annual Financial Statement

Consolidated Balance Sheet	Page 15
Consolidated Income Statement.....	Page 7
Notes.....	Pages 31 to 73
Audit Report.....	Page 75
Corporate Governance Report 2010	Pages 84 to 97

Any other information not listed above but contained in such document is incorporated by reference for information purposes only.

Standard and Poor's Credit Market Services Europe Limited (**S&P**) is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The 2010 Annual Financial Statement and the 2011 Annual Financial Statement refer to certain supplementary information being available on the Issuer's website. Unless otherwise contained in this document or the documents referred to above, such supplementary information is not incorporated by reference in, and does not form part of, this document.

To the extent any document incorporated by reference incorporates further documents by reference such further information shall not form part of this Base Prospectus.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes in compliance with Article 16 of the Prospectus Directive.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this general description.

Issuer:	AB Electrolux (publ)
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors." In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arranger:	Deutsche Bank AG, London Branch
Dealers:	Deutsche Bank AG, London Branch Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Danske Bank A/S HSBC Bank plc J.P. Morgan Securities Ltd. Morgan Stanley & Co. International plc Nordea Bank Danmark A/S The Royal Bank of Scotland plc Skandinaviska Enskilda Banken AB (publ) Swedbank AB (publ) and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale") including the following restrictions applicable at the date of this Base Prospectus. Notes with a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the <i>FSMA</i>) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "Subscription and Sale".
Principal Paying Agent	Deutsche Bank AG, London Branch
Programme Size:	Up to EUR 2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The Notes will be issued in Series. Each Series may be issued in Tranches.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes are issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The issue price will be indicated in the

	applicable Final Terms.
Form of Notes:	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
Other provisions in relation to Floating Rate Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The applicable Final Terms may provide that, upon a Change of Control (as defined in Condition 6.4(b)) occurring and certain other conditions being satisfied, Notes will be redeemable at the option of the Noteholders, see “<i>Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of the Noteholders - Change of Control Put</i>”. If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased, as the case may be, pursuant to Condition 6.4(b), the Issuer may redeem or purchase all, but not some only, of the Notes then outstanding at their principal amount together with interest accrued to but excluding the date for such redemption.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions – Notes with a maturity of less than one year</i>” above.</p>
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Certain Restrictions – Notes with a maturity of less than one year</i> ” above, and save that Notes admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be issued in a denomination of not less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances as provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default:	The terms of the Notes will contain a cross default provision in respect of any indebtedness for borrowed money of the Issuer or any guarantee or indemnity given by the Issuer in respect of any borrowed money as further described in

Condition 9.

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Rating:

The rating of the Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Approval, listing and admission to trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each Tranche. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including but not limited to the United Kingdom and Sweden) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**), which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) definitive Notes of the same Series with, where applicable, Coupons and Talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, Coupons and Talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes which have an original maturity of more than 1 year and on all Coupons relating to such Notes:

"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS

UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or Coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of 30 days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer, as the case may be, in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 26 March, 2009 and executed by the Issuer.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

[Date]

AB ELECTROLUX (publ)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the euro 2,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 8 June, 2012 [and the supplement to the base prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the supplement to the base prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented by a relevant Member State) and must be read in conjunction with the Base Prospectus dated 8 June 2012 [and the supplement to the base prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and any supplements thereto] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms including the attached Conditions and the Base Prospectus dated 8 June 2012 [and the supplement to the base prospectus dated [date]]. Copies of such Base Prospectus [and the supplement to the base prospectus dated [date]] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

1. Issuer: AB Electrolux (publ)

2. (i) Series Number: []

(ii) Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

3. Specified Currency or Currencies: []

4. Aggregate Nominal Amount:
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]if applicable]
6. (i) Specified Denominations: []
- (N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December, 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- "€100,000 and integral multiples of €1,000 in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
- [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
- [Zero Coupon]
- [specify other]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(further particulars specified below)]
13. (i) Status of the Notes: Senior
- (ii) Date Board approval for issuance of Notes obtained: []
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate(s) of Interest: [] per cent., per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]
(If payable other than annually, consider amending Condition 4)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form.)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (vi) Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration
NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (vii) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-][] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 4 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6.5(iii) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollars denominated)

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other]
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)

19. Investor Put

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): per Calculation Amount/specify other]
- (iii) Notice period (if other than as set out in the Conditions):
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)
20. Change of Control Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): per Calculation Amount/specify other]
- (ii) Other conditions relating to the Change of Control Put: [None/specify other]
(When adding any other conditions consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or a new prospectus.)
21. Final Redemption Amount: per Calculation Amount/specify other]
22. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.5): per Calculation Amount/specify other]
- GENERAL PROVISIONS APPLICABLE TO THE NOTES**
23. Form of Notes:
- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event.]
 [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]
 [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December, 2005.]
(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)
- (ii) New Global Note: [Yes][No]
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which item 16(iii) relates)
25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
26. Other final terms: [Not Applicable/give details]

¹ Include for Notes that are to be offered in Belgium.

[(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or a new prospectus.)]

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

DISTRIBUTION

- 27. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
- 28. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- 29. U.S. Selling Restrictions: [Reg. S Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- 30. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Bourse de Luxembourg of the Notes described herein pursuant to the EUR 2,000,000,000 Euro Medium Term Note Programme of AB Electrolux (publ).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of AB Electrolux (publ):

By:.....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Bourse de Luxembourg with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Bourse de Luxembourg with effect from [].]
- [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes to be issued [[have been]/[are expected to be rated [insert details] by [insert the legal name of the relevant credit agency entity(ies)].]
- (Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*
- [(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]*
- [[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]*
- [[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]*
- [[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [insert the legal name of the relevant EU-registered credit rating agency entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU-registered credit rating agency entity] is established in the European Union and registered under the CRA Regulation. As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]*
- [[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [insert the legal name of the relevant non-EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].*
- [Not Applicable.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. *[Amend as appropriate if there are other interests]*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. YIELD (Fixed Rate Notes only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): []

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if "yes" selected in which case the Notes must be issued in NGN form]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by AB Electrolux (publ) (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 8 June, 2012 and made between the Issuer and Deutsche Bank AG, London Branch as principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single Series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 26 March, 2009 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of each of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a

Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of, Euroclear and Clearstream, Luxembourg, as the case may be. References to, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms (or as may otherwise be approved by the Issuer and the Paying Agents).

2. STATUS OF THE NOTES

The Notes and the relative Coupons (if any) constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations (subject to statutory preferred exceptions) of the Issuer.

3. NEGATIVE PLEDGE

For as long as any of the Notes remain outstanding the Issuer shall not grant or permit to exist any mortgage, pledge, lien (not being a lien arising by operation of law) or other encumbrance over its present assets or revenues to secure any indebtedness represented by notes, bonds or debentures or other forms of debt securities:

- (i) which are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other similar securities market; and
- (ii) which are (A) payable in a currency other than Swedish Krona or (B) if payable in Swedish Krona issued as to more than 25 per cent. in aggregate principal amount thereof outside Sweden,

without at the same time equally and rateably according the same security to the Notes or such other security as shall have been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest, Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

- (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

- (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

4.2 Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4.2(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET 2**) System (the **TARGET 2 System**) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case,

multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in

the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in

Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or, on the instruction of the Paying Agent, in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation;
 - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

6.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, or interpretation of, the laws, published practice or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of

independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If the Issuer would, on the occasion of the next payment in respect of the Notes, be prevented by Swedish law from making payment to the Noteholders or Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6, then the Issuer shall forthwith give notice of such fact to the Principal Paying Agent and the Issuer shall, upon giving not less than seven days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount referred to in Condition 6.5 below together, if appropriate, with interest accrued to the date fixed for redemption, provided that the due date for redemption, of which notice hereunder shall be given, shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes or, if later, as soon as practicable thereafter.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Principal Paying Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

6.4 Redemption at the option of the Noteholders

(a) Investor Put

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 45 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form and held outside Euroclear or Clearstream Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence

satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4(a) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4(a) and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(b) Change of Control Put

If Change of Control Put is specified in the applicable Final Terms and if at any time while any Note remains outstanding:

- (i) a Change of Control occurs, and
- (ii) within the Change of Control Period (A) if the Notes are rated with the agreement of the Issuer, a Rating Downgrade in respect of that Change of Control occurs, or (B) if the Notes are not rated, a Negative Rating Event in respect of that Change of Control occurs (in either case, a **Put Event**),

the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes (i) under Condition 6.2 or (ii) pursuant to the provisions of this Condition 6.4(b)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Put) (as defined below) at the Optional Redemption Amount specified in the Final Terms together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (Put).

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 6.4(b).

*If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the option to require the Issuer to redeem or, as the case may be, purchase any Notes under this Condition 6.4(b), the holder of that Note must deliver such Note, on any business day in the city of the specified office of the relevant Paying Agent falling within the period (the **Put Period**) of 30 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Option Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6.4(b). The Note should be delivered together with all Coupons appertaining thereto maturing after the date (the **Optional Redemption Date (Put)**) which is the seventh day after the last day of the Put Period failing which all such missing unmatured Coupons will be void.*

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of a Note under this Condition 6.4(b) the holder of the Note must, within the Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

A non-transferable receipt (a **Put Option Receipt**) (issued by the relevant Paying Agent or the Principal Paying Agent, as the case may be) shall be delivered to each holder of Note(s):

(a) in the case of a Note in definitive form held outside Euroclear or Clearstream, Luxembourg, which has delivered its Note(s) and Put Option Notice to such Paying Agent; or

(b) in the case of a Global Note or note in definitive form held through Euroclear or Clearstream, Luxembourg, from whom notice has been received.

The Issuer shall redeem, or at the option of the Issuer purchase (or procure the purchase of), the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed and/or purchased. Payment in respect of any Note so delivered will be made, if the holder duly specified a Euro bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date (Put) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Put), in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 6.4(b).

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.4(b), the Issuer may, having given not less than 30 days' notice to the Noteholders in accordance with Condition 13, such notice to be given within 30 days after the Optional Redemption Date (Put), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of, the Notes then outstanding at their principal amount together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which shall not be more than 60 days after the date of the notice). Upon expiry of such notice, the Issuer will redeem, purchase (or procure the purchase of) the Notes.

In this Condition 6.4(b):

A **Change of Control** shall be deemed to have occurred if (whether or not approved by the Board of Directors or the Executive Board of the Issuer) any person (a **Relevant Person**), alone or together with its affiliates (as defined in the Swedish Act Concerning Public Takeover Bids in the Stock Market (2006:451)), at any time directly or indirectly own(s) or acquire(s) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at general meetings of the Issuer.

Change of Control Period means the period commencing on the earlier of (a) the date of the relevant Change of Control and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 120 days after the public announcement of the Change of Control having occurred.

Investment Grade Rating means a rating of at least BBB- (or equivalent thereof) in the case of S&P or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's (as defined below) or the equivalent rating in the case of any other Rating Agency.

A **Negative Rating Event** shall be deemed to have occurred if (i) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained an Investment Grade Rating, provided that the Rating Agency publicly announces or publicly confirms in writing that its declining to assign an Investment Grade Rating was the result of the applicable Change of Control.

Rating Agency means Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P**) and Moody's Investors Service Limited (**Moody's**) or any of their respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency at the invitation of the Issuer is (x) withdrawn and not subsequently reinstated within the Change of Control Period or (y) changed from an Investment Grade Rating to a non Investment Grade Rating (for example, from BBB- to BB+ by S&P, or its equivalents for the time being, or worse) and not subsequently upgraded to an Investment Grade Rating within the Change of Control Period or (z) (if the rating assigned to the Notes by any Rating Agency at the invitation of the Issuer is already below an Investment Grade Rating) lowered one full rating category (for example, from BB+ to BB by S&P or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period, provided that a Rating Downgrade otherwise arising by virtue of a particular change in (or withdrawal of) rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in (or withdrawal of) rating to which this definition would

otherwise apply does not publicly announce or publicly confirm that the reduction (or withdrawal) was the result of the applicable Change of Control.

Relevant Potential Change of Control Announcement means any formal public announcement or statement by or on behalf of the Issuer or any actual or potential bidder or any adviser thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

6.6 Purchases

The Issuer or any Subsidiary (as defined in the Agency Agreement) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay, subject to Condition 6.2, such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment in the Kingdom of Sweden; or
- (ii) the holder of which is liable for such taxes or duties in respect of such Note, Talon or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of the Note, Talon or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by (i) making a declaration of non-residence or other similar claim for exemption in the relevant tax authority; or (ii) presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

If:

- (i) there is failure to make payment in the Specified Currency for more than five days of any principal or any interest in respect of any Note when and as the same is due to be paid; or
- (ii) the Issuer fails to comply with any other terms of the Notes and such failure (unless it is not capable of being cured) continues unremedied for 30 days after written notice thereof shall have been given to the Issuer in the manner specified below; or
- (iii) any indebtedness for borrowed money of the Issuer becomes, or is declared due and payable prior to its scheduled maturity as a result of a default thereunder or any such

indebtedness for borrowed money or interest thereon is not paid when due or within any applicable grace period therefor or any guarantee or indemnity given by the Issuer in respect of any indebtedness for borrowed money is not honoured when due and called upon or within any applicable grace period therefor, and, in each case, the aggregate principal amount of such indebtedness exceeds euro 20,000,000; or

- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved (otherwise than for the purposes of a reconstruction, merger or consolidation under which the Issuer is the continuing corporation or the terms whereof have previously been approved by an Extraordinary Resolution of the Noteholders); or
- (v) an encumbrancer takes possession or a receiver is appointed of the whole or substantially all of the assets or undertaking of the Issuer and is not paid out in full or discharged within thirty days; or
- (vi) a distress, execution or other process is levied or enforced upon or sued out against the whole or substantially all of the property of the Issuer and is not discharged within 30 days thereof; or
- (vii) the Issuer stops payment or (otherwise than for the purposes of such reconstruction, merger or consolidation as is referred to in sub-paragraph (iv) of this Condition) ceases or threatens to cease to carry on business or is unable to pay its debts as and when they fall due; or
- (viii) proceedings are initiated against the Issuer under any applicable bankruptcy, insolvency, composition or other similar laws and such proceedings are not discharged or stayed within a period of 30 days; or
- (ix) the Issuer initiates or consents to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors generally;

then any Noteholder may, by written notice to the Issuer at the specified office of the Principal Paying Agent, declare the Notes held by such Noteholder to be forthwith due and payable at their Early Redemption Amount referred to in Condition 6.5 together, if appropriate, with interest accrued to the date of payment, and the same shall become immediately due and payable, unless prior to the time when such written notice is received all such defaults shall have been remedied.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;
- (c) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying Agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in (a) a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the same day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

Pursuant to the Agency Agreement, the Issuer may at any time, and upon a request in writing made by Noteholders holding not less than one-tenth of the nominal amount of the Notes outstanding at any time after any Note shall have become payable owing to default shall, convene a meeting of Noteholders. Any such request in writing by Noteholders shall be made by lodging the same together with the relative Note or Notes at the specified office of the Principal Paying Agent or any Paying Agent. The provisions concerning meetings of Noteholders are contained in Schedule 5 to the Agency Agreement. The Principal Paying Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with any mandatory law.

15. CURRENCY INDEMNITY

The Issuer agrees to indemnify any Noteholder or Couponholder against any loss incurred by such holder as a result of any judgment or order being given or made by any court for any reason not attributable to such holder for the payment of any amount due hereunder and such judgment or order being expressed by reason of applicable law in a currency other than the Specified Currency and as a result of any variation having occurred in rates of exchange between the date as of which the Specified Currency amount is converted for such judgment or order and the date of actual payment thereof.

This indemnity shall constitute a separate and independent obligation from the other obligations contained herein, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due hereunder or under any such judgment or order. Any such loss or damage as aforesaid shall be deemed to constitute a loss suffered by the Noteholder or Couponholder and no proof or evidence of any actual loss shall be required by the Issuer. Nothing in this Condition shall prevent the Issuer from discharging its obligations in respect of any Note or Coupon by making payment in accordance with Condition 7.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

18.2 Submission to jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

18.3 Appointment of Process Agent

The Issuer appoints Electrolux Plc. of Addington Way, Luton, Bedfordshire, LU4 9QQ, United Kingdom as its agent for service of process, and undertakes that, in the event of Electrolux Plc. ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF AB ELECTROLUX (PUBL)

Business Overview

The Issuer is the parent company of a Group which is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year. The company focuses on innovative products that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners, cookers small appliances and air-conditioners sold under esteemed brands such as Electrolux, AEG, Eureka and Frigidaire. In 2011, Electrolux had sales of SEK 102 billion and 58,000 employees.

History

The Issuer was incorporated under the laws of the Kingdom of Sweden on 10 February 1910, with registered number 556009-4178. It was the product of a merger between Elektromekaniska AB and AB Lux. The Issuer's current registered address is St.Göransgatan 143, SE-105 45 Stockholm, Sweden, telephone +46 8738 6000.

The Issuer was listed on the London Stock Exchange (**LSE**) in 1928 and on the Stockholm Stock Exchange in 1930. In 1987 trading of American Depositary Receipts (**ADRs**) representing the Issuer's B-shares started on the NASDAQ National Market. In 2005 and 2010 respectively, the Issuer de-listed its ADRs from Nasdaq and de-listed its B-Shares from the LSE in response to the internationalisation of capital markets and the increase in international ownership of shares on the Stockholm Stock Exchange. Following these de-listings, all trading in Electrolux shares is concentrated on the Stockholm Stock Exchange

The Issuer saw a steady expansion of its business through the mid twentieth century, with a programme of gradual acquisition and product development. In 1984, following the acquisition of Italian company, Zanussi, the Group emerged as a leader in the European household appliance and food-service appliance markets. In 1994 the Group acquired the white goods division of German manufacturer, AEG. A period of restructuring and strengthening of the Issuer's core business followed in the 1990s and into the next century, including significant expansion into the North American market and the development of the Group's global presence, including such acquisition as that of the household division of the Australian company, Email Limited, in 2001. In order to increase its exposure to emerging markets, the Issuer acquired two companies in 2011, the Egyptian appliances company Olympic Group and the Chilean appliances company CTI.

Business profile

In 2011, net sales amounted to SEK 101,598 million (approximately EUR 11,264 million) and operating income amounted to SEK 3,017 million. Income for the period amounted to SEK 2,064 million, corresponding to SEK 7.25 per share. Operating income for 2011 declined compared to the previous year. Higher costs for raw materials, price pressure and weak demand in mature markets impacted the results negatively by approximately SEK 4 billion. Global synergies and cost measures impacted the results positively by approximately SEK 2 billion.

The Group has a leading market position within major appliances and floor care products in both Europe and North America. It is one of the global suppliers of vacuum cleaners and accessories. The Group is one of the leading producers of major appliances in Australia and Brazil. The Group is one of the leading producers in the world market for commercial kitchen and laundry equipment and has a leading position in the European market. Globally, the Group is one of the world's largest producers of white goods across all product areas.

In the year to 31 December, 2011, Western Europe accounted for 32 per cent. of the Group's sales by geography, North America accounted for 30 per cent., Southeast Asia and China 4 per cent., Australia, New Zealand and Japan 6 per cent., Latin America 19 per cent. and Africa, Middle East and Eastern Europe 9 per cent.

The Group's presence in core markets has enabled the Group to focus on developing markets, which it considers to offer the most promising long-term growth opportunities. The diversification of the Group across geographical areas and appliance product categories contributes to the stability of the Group's operating performance.

In 2011, market demand for core appliances declined by 4 per cent. in North America and by 3 per cent. in Western Europe. Since 2006, market demand for core appliance has declined by approximately 25 per cent. in North America and by 12 per cent. in Western Europe. Lower market demand has led to lower sales volumes, lower utilization of production capacity and shift in demand to

lower-priced products. To mitigate the negative impact, Electrolux has initiated and implemented comprehensive global savings programs. By the end of 2011, the current cost-savings programs are estimated to generate annual savings of SEK 5.3 billion in 2015. Previous cost-savings programs demonstrate clearly that the Group can rapidly adjust cost levels when demand for its products decline. The Group's high level of variable costs (>80%) enables considerable cost flexibility.

The Group considers low costs and efficient production processes to be crucial to competitiveness, while the development of new innovative products is considered key to higher earnings and growth. A large number of development projects are underway in the Group and will generate a flow of new kitchen and laundry appliances. The Group's key aims are to develop new products while reinforcing brand strength.

Organisation

The Group's operations are divided into two business sectors: Consumer Durables and Professional Products. The Consumer Durables sector is divided into: Major Appliances Europe, Middle East and Africa; Major Appliances North America, Major Appliances Latin America; Major Appliances Asia /Pacific and Small Appliances.

Consumer Durables

This division accounts for 94 per cent. of the Group's sales and comprises kitchen appliances, laundry care and floor care. Core markets for Consumer Durables are in Europe and North America. The Group's companies sell cookers, refrigerators, freezers, dishwashers, hoods and small appliances, as well as washing machines and tumble dryers, which are at the core of the Issuer's care of textiles business. Innovations and a growing demand for higher capacity and user-friendliness are driving demand for the Group's products. The Group also sells vacuum cleaners and accessories to consumers worldwide. A strong global distribution network and an attractive product offering have enabled the Issuer to increase its market share in such floor care products. Production is located in low-cost countries achieving cost reduction and efficient operating margins. A substantial share of the Group's consumer durables products are sold under the Electrolux brand.

In 2011, European net sales of consumer durables decreased to approximately SEK 35,200 million (approximately EUR 3,900 million), with the Nordic countries, Italy and Germany representing the largest markets for the Group. In North America, net sales of consumer durables decreased to approximately SEK 30,300 million. Sales in Latin America increased to approximately SEK 19,000 million. In the Asia/Pacific region the Group's sales in Australia represented more than half the Group's sales, the total for the region being SEK approximately 9,500 million.

The Group's Consumer Durables business can be sub-divided into kitchen, laundry and floor-care product groups. Kitchen appliances account for 59 per cent. of the Group's sales. Within this, 46 per cent. of the kitchen products are refrigerators or freezers, 39 per cent. are cookers, hobs or ovens, and the remainder are dishwashers. Washing machines and tumble dryers account for 17 per cent. of the total Group sales. Floor care products (comprising vacuum cleaners and accessories) account for 8 per cent. of total Group sales.

Professional Products

The Professional Products division accounts for approximately 6 per cent. of the Group's sales and comprises products for professional users, for example in industrial kitchens, restaurants and laundries. Europe is the strongest market for professional products, with most goods sold under the Electrolux brand.

The Group supplies restaurants and industrial kitchens with cookers, ovens, dishwashers, refrigerators, freezers and machines for food preparation. The product range also includes storage systems, food trolleys and ventilation. The Group supplies commercial laundries, hotels and hospitals with a range that includes washing machines, tumble dryers and equipment for ironing and finishing. The Group has the widest service network in the sector.

The Group has outsourced much of the production of components and instead focuses on assembly. The share of own-manufactured products in Group sales has been increasing over recent years.

Major financing arrangements

The major financing arrangements of the Group are described in note 18 in the 2011 Annual Financial Statement. The Issuer mainly raises finance under its European Medium-Term Note programme and via bilateral loans.

Properties, plant and equipment

As of 31 December, 2011, the Group occupied a total of 50.6 million square feet of property, of which 16.9 million was leased. Approximately 48 per cent. of the property portfolio is located in Europe.

The manufacturing operations of the Group were carried out at 42 locations in 18 countries. The aggregate size of these factories, including warehouses and offices at the factory sites, was approximately 31 million square feet. The factories are, with few exceptions, owned by Group companies. Approximately 30 per cent. of the manufacturing facilities are located in Europe. The Group operates 3 plants in Sweden.

In general, all the Group's manufacturing facilities are well maintained, suitably equipped and in good operating condition. The facilities were adequate for production requirements during 2011 and the Issuer believes they will be adequate for the foreseeable future.

In addition to manufacturing facilities, the Group uses 17.7 million square feet of administrative offices, warehouses, distribution facilities and sales branch offices. The majority of these buildings are leased. About 0.9 million square feet (of which approximately 31 per cent. were owned) were dedicated to business unit headquarters.

Pending lawsuits in the United States claiming asbestos-related personal injuries

Litigation and claims relating to asbestos are pending against the Group in the United States. Almost all of the cases relate to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made identical allegations against other defendants who are not part of the Group.

As of 31 December, 2011, the Group had a total of 2,714 (2,800 as of 31 December, 2010) cases pending, representing approximately 2,843 (approximately 3,050 as of 31 December, 2010) plaintiffs. During 2011, 1,005 new cases with approximately 1,006 plaintiffs were filed and 1,091 pending cases with approximately 1,211 plaintiffs were resolved.

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 the Group 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 the Group 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.

Management

Board of Directors

The Group Board of Directors consists of nine members, without deputies, who are elected at the Annual General Meeting for a period of one year. Three additional members with deputies are appointed by the Swedish employee organisations in accordance with Swedish labour laws.

The business address for all members of the administrative, management and supervisory bodies is St Göransgatan 143, SE-105 45, Stockholm, Sweden.

Details of the Group Board of Directors as at the date hereof are as follows and references to holdings in the Issuer are correct as at 31 March, 2012:

Marcus Wallenberg – Chairman

Born 1956. B. Sc. of Foreign Service Elected 2005. Member of the Electrolux Remuneration Committee.

Board Chairman of LKAB, SEB, Skandinaviska Enskilda Banken AB and Saab AB. Board Member of Astra Zeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited.

Previous positions: President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999. Deputy Chairman of Telefonaktiebolaget LM Ericsson.

Holdings in AB Electrolux: 5,000 B-shares. Through company 50, 000 B-shares. Related party: 1,000 B-shares. 11,282 synthetic shares²

Ronnie Leten – Deputy Chairman

Born 1956. M.Sc. Applied Econ. Elected 2012.

President and CEO of Atlas Copco AB since 2009.

Previous positions: Various leading positions within the Atlas Copco Group, 1997-2009 and 1985-1995. Plant Manager of Tenneco Automotive Inc, Belgium, 1995-1997. Various positions within General Biscuits 1979-1985.

Holdings in AB Electrolux: 0 shares.

Lorna Davis

Born 1959. Bachelor of Social Science and Psychology. Elected 2010.

Senior Vice-President and Global Biscuits Category Head within Kraft Foods since 2011. Member of the Electrolux Remuneration Committee.

Board Chairman of Kraft Foods China.

Previous positions: President of Kraft Foods China, 2007–2011. Senior positions within the food industry, mainly within Danone in China and the UK.

Holdings in AB Electrolux: 2,000 B shares. 1,334 synthetic shares.

Hasse Johansson

Born 1949, M. Sc. in Electrical Engineering Elected 2008. Member of the Electrolux Audit Committee.

Board Chairman of Dynamate Industrial Services AB, Lindholmen Science Park AB, Alelion Batteries AB and VINNOVA (Swedish Governmental Agency for Innovation Systems). Board Member of Fouriertransform AB, Skyllbergs Bruk AB and Calix Group AB.

Previous positions: Executive Vice-President and Head of Research and Development of Scania CV AB 2001-2009. Founder of Mecel AB (part of Delphi Corporation). Senior management positions with Delphi Corporation, 1990-2001.

Holdings in AB Electrolux: 4, 000 B-shares. 6,699 synthetic shares.

Keith R. McLoughlin

Born 1956. B.S. Eng. Elected 2011. President and CEO of AB Electrolux as of 1 January, 2011.

Board Member of Briggs & Stratton Corp.

Previous positions: Senior management positions within DuPont, USA, 1981-2003. Head of Major Appliances North America and Executive Vice President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004-2007. Chief Operations Officer Major Appliances, 2009.

Holdings in AB Electrolux: 76,345 B-shares.

Fredrik Persson

Born 1968. M.Sc. Econ. Elected 2012. Member of the Audit Committee.

Board Chairman of Axfood AB, Svensk Bevakningstjänst AB, Axstores AB and Mekonomen AB. Deputy Chairman of Martin & Servera AB and the Swedish Trade Federation (Svensk Handel). Board Member in other companies in the Axel Johnson Group, the Confederation of Swedish Enterprise (Svenskt Näringsliv), Svenska Handelsbanken Regionbanken Stockholm and Lancelot Holding AB.

² The AGM in 2008, 2009 and 2010 decided that a part of the fees to the Board of Directors should be payable in synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the stock-market value of a Class B share in Electrolux at the time of payment. For additional information regarding synthetic shares, see the Annual Report, note 27.

Previous positions: Executive Vice-President and Chief Financial Officer of Axel Johnson AB, 2000-2007. Head of Research of Aros Securities AB, 1998-2000. Various positions in ABB Financial Services AB, 1992-1998.

Holdings in AB Electrolux: 2,000 B-shares.

Ulrika Saxon

Born 1966. Studies in Economics at Stockholm School of Economics. Elected 2011.

President of Bonnier Tidskrifter AB since 2005 and member of Bonnier AB group management. Board Chairman of Svensk Filmindustri, SF Bio, Bonnier Publications in Denmark, Bonnier International Magazines, Mediafy and Mag+. Board Member of several companies within the Bonnier Group, among others, Dagens Nyheter and Bonnier Corporation in USA.

Previous positions: Senior positions in various companies within the Bonnier Group since 1998 and in Matsgård Media, 1991–1998.

Holdings in AB Electrolux: 1,000 B-shares.

Torben Ballegaard Sørensen

Born 1951. M.B.A. Elected 2007. Member of the Electrolux Audit Committee.

Board Member of Egmont Fonden, LEGO A/S, Pandora Holding A/S, Systematic Software Engineering A/S, Tajco A/S, Årstiderne Architects A/S, Monberg-Thorsen A/S, Denmark, and VT I Technology OY, Finland.

Previous positions: President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice-President of LEGO A/S, 1996–2001. Managing Director of Computer Composition International, CCI-Europe, 1988–1996. Chief Financial Officer of Aarhus Stiftsbogtrykkerie, 1981–1988.

Holdings in AB Electrolux: 800 B-shares. 2,682 synthetic shares.

Barbara Milian Thoralfsson

Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee Director of Fleming Invest AS,

Norway, since 2005.

Board Member of SCA AB, Telenor ASA, Orkla ASA, Fleming Invest AS and related companies.

Previous positions: President of TeliaSonera Norway, 2001–2005. President of Midelfart & Co, 1995–2001. Leading positions within marketing and sales, 1988–1995.

Holdings in AB Electrolux through company: 10,000 B-shares.

Ola Bertilsson - Employee Representative Member

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

Holdings in AB Electrolux: 0 shares.

Gunilla Brandt - Employee Representative Member

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006.

Holdings in AB Electrolux: 0 shares.

Ulf Carlsson - Employee Representative Member

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001.

Holdings in AB Electrolux: 0 shares.

Gerd Almlöf - Employee Representative, Deputy Member

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007.

Holdings in AB Electrolux: 0 shares.

Bo Rothzén - Employee Representative, Deputy Member

Born 1963. Representative of the Swedish Confederation of Trade Unions. Elected 2012.

Holdings in AB Electrolux: 0 shares.

Viveca Brikenfeldt Lever - Employee Representative, Deputy Member

Born 1960. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2010.

Holdings in AB Electrolux: 0 shares.

Senior Management

In addition to the President and Chief Executive Officer, the Senior Management includes the heads of the Issuer's business sectors, the Chief Marketing Officer, the Chief Technology Officer and the Group staff heads.

The business address for all members of senior management is St Göransgatan 143, SE-105 45, Stockholm, Sweden.

Details of senior management as at the date hereof are as follows and references to holdings in the Issuer are correct as at 31 March, 2012:

Keith McLoughlin – President and Chief Executive Officer

Born 1956. B.S. Eng. In Group Management since 2003.

Senior management positions with DuPont, USA, 1981–2003. Vice-President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Joined Electrolux as Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004–2007. Chief Operations Officer Major Appliances, 2009.

Board Member of Briggs & Stratton Corp.

Holdings in AB Electrolux: 76,345 B-shares.

Henrik Bergström - Head of Floor Care & Small Appliances, Executive Vice President

Born 1972. M.Sc. in Business Administration and Economics. In Group Management since 2010.

Business Development and General Management positions within Electrolux Major Appliances Latin America, 1997–2002. Managing Director of Electrolux Latin America and Caribbean, 2002–2008. Vice-President and General Manager for three business areas in Electrolux Major Appliances North America, 2008–2010. Head of Electrolux Asia Sourcing Operations, 2009–2010. Executive Vice President of AB Electrolux, 2010.

Holdings in AB Electrolux: 11,275 B-shares.

Jan Brockmann - Chief Technology Officer, Senior Vice President

Born 1966. M.Sc. in Mechanical Engineering, M.B.A. In Group Management since 2011.

Management positions within Valeo Group, 1994–1999. Project Manager in Roland Berger Strategy Consultants GmbH, 2000–2001. Senior management positions within Volkswagen Group, 2001–2010. Joined Electrolux as Head of R&D, Major Appliances, 2010. Group Chief Technology Officer, 2011.

Holdings in AB Electrolux: 2,437 B-shares.

Tomas Eliasson - Chief Financial Officer, Senior Vice-President

Born 1962. B. Sc. in Business Administration and Economics. In Group Management since 2012.

Management positions within ABB Group, 1987–2002. Chief Financial Officer in Seco Tools AB, 2002–2006. Chief Financial Officer of ASSA ABLOY AB, 2006–2012.

Holdings in AB Electrolux: 0 shares.

Ruy Hirschheimer - Head of Major Appliances Latin America, Executive Vice-President

Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008.

Executive Vice-President of Alcoa Aluminum, Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge Foods, 1994–1997. Senior Vice-President of Bunge International Ltd., USA, 1997–1998. Joined Electrolux as Head of Brazilian Major Appliances operations, 1998. Head of Major Appliances Latin America, 2002. Executive Vice-President of AB Electrolux, 2008.

Holdings in AB Electrolux: 50,463 B-shares.

MaryKay Kopf - Chief Marketing Officer, Senior Vice President

Born 1965. B.S. Finance, MBA. In Group Management since 2011.

Senior management positions within DuPont in North America, Europe, Middle East and Africa, and globally, 1991–2003. Joined Electrolux in 2003 as Vice-President Brand Marketing, Major Appliances North America, 2003. Group Chief Marketing Officer, 2011.

Holdings in AB Electrolux: 10,609 B-shares.

Stefano Marzano - Chief Design Officer, Senior Vice-President

Born 1950. Doctorate in architecture. In Group Management since 2012.

Senior designer, Philips-IRE Major Domestic Appliances Division, 1973–1978. Design Group Leader, Philips Data Systems and Telecommunications Division, 1978–1982. Director, Philips-Ire Design Centre (Major Domestic Appliances Division), 1982–1989. Vice-President and Head of Corporate Industrial Design, Whirlpool International (a Whirlpool and Philips joint venture), 1989–1991. Executive Vice-President and Chief Design Officer, Philips, 1991–2011. Joined Electrolux as Group Chief Design Officer, 2012.

Holdings in AB Electrolux: 0 shares.

Gunilla Nordström - Head of Major Appliances Asia/ Pacific, Executive Vice-President

Born 1959. M. Sc. In Group Management since 2007.

Senior management positions with Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice President of Sony Ericsson Mobile Communications AB, 2005–2007. Joined Electrolux as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux, 2007

Board Member of Atlas Copco AB.

Holdings in AB Electrolux: 26,382 B-shares.

Jonas Samuelson - Head of Major Appliances Europe, Middle East and Africa, Executive Vice-President

Born 1968. M. Sc. in Business Administration and Economics. In Group Management since 2008.

Business development and finance positions within General Motors in USA, 1996–1999. Treasurer and Director of Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Chief Financial Officer of AB Electrolux, 2008–2011 as well as Chief Operations Officer and Head of Global Operations Major Appliances during 2011. Head of Major Appliances Europe, Middle East and Africa and Executive Vice-President of AB Electrolux, 2011.

Board Member of Polygon AB.

Holdings in AB Electrolux: 10,935 B-shares.

Jack Truong - Head of Major Appliances North America, Executive Vice-President

Born 1962. Ph.D. Chem. Eng. In Group Management since 2011.

Research & Development and Business Management positions within 3M in USA, 1989–1997. Business Director, 3M Home Care Business, Europe, Middle East and North Africa, 1997–2001. Managing Director of 3M Thailand Ltd., 2001–2003. Vice-President and General Manager of 3M Global Office Supplies Division, 2003–2009. Vice-President and General Manager of 3M Global Construction and Home Improvement Division, 2009–2011. Joined Electrolux as Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2011.

Holdings in AB Electrolux: 0 shares.

Cecilia Vieweg - General Counsel, Senior Vice-President

Born 1955. B. of Law. In Group Management since 1999.

Attorney of Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner of Wahlin Advokatbyrå, 1998. Joined Electrolux as Senior Vice-President and General Counsel, with responsibility for legal, intellectual property, risk management and security matters, 1999.

Board Member of Haldex AB, Vattenfall AB, PMC Group AB and member of the Swedish Securities Council.

Holdings in AB Electrolux: 23,164 B-shares.

Lars Worsøe Petersen - Head of Human Resources and Organizational Development, Senior Vice-President

Born 1958. M.Econ. In Group Management since 2011.

Joined Electrolux as head of Human Resources Electrolux in Denmark, 1994. Vice-President Human Resources within Electrolux Major Appliances Europe, 1999–2000. Head of Electrolux Holding A/S in Denmark, 2000–2002. Head of Human Resources for Electrolux Major Appliances North America, 2002–2005. Head of Group Staff Human Resources at Husqvarna AB, 2005–2011. Rejoined Electrolux as Head of Group Staff Human Resources and Organizational Development, 2011.

Holdings in AB Electrolux: 0 shares.

Alberto Zanata - Head of Professional Products, Executive Vice-President

Born 1960. University degree in Electronic Engineering with Business Administration. In Group Management since 2009.

Joined Electrolux Professional Products, 1989. Senior management positions within factory management, marketing, product management and business development, 1989–2002. Head of Professional Products in North America, 2003–2008. Head of Professional Products and Executive Vice-President of AB Electrolux, 2009.

Holdings in AB Electrolux: 22,379 B-shares.

Interests of the Board of Directors and Senior Management

Save as described in the Corporate Governance Report of the Issuer, there are no potential conflicts of interests between any duties to the Issuer and the private interests of the members of the Board of Directors and the Senior Management.

Major Shareholders

The ownership of the Group as at 31 March, 2012 is described below:

	NUMBER OF A-SHARES	NUMBER OF B-SHARES	TOTAL NUMBER OF SHARES	SHARE CAPITAL, %	VOTING RIGHTS, %
INVESTOR	7,420,771	40,445,362	47,866,133	15.5	29.9
ALECTA PENSION INSURANCE	500,000	17,948,000	18,448,000	6.0	6.0
SWEDBANK ROBUR FUNDS		13,905,033	13,905,033	4.5	3.6
AMF INSURANCE & FUNDS		8,050,370	8,050,370	2.6	2.1
SEB FUNDS		6,700,617	6,700,617	2.2	1.8
NORDEA FUNDS		5,651,122	5,651,122	1.8	1.5
SHB FUNDS		4,168,163	4,168,163	1.3	1.1
FOURTH SWEDISH NATIONAL PENSION FUND		3,851,787	3,851,787	1.2	1.0
DIDNER & GERGE FUNDS		3,350,000	3,350,000	1.1	0.9
UNIONEN		3,092,955	3,092,955	1.0	0.8
SKANDIA FUNDS		3,082,111	3,082,111	1.0	0.8
OTHER SHAREHOLDERS	291,954	167,676,573	167,968,527	54.4	50.5
	8,212,725	277,922,093	286,134,818	92.6	100.0
AB ELECTROLUX		22,785,490	22,785,490	7.4	0
TOTAL	8,212,725	300,707,583	308,920,308	100	100

So far as the Issuer is aware, none of the major shareholders listed above are indirect owners of share capital of the Group.

In summary, as at the date of this Base Prospectus, the share capital in the Issuer amounted to SEK 1,545 million corresponding to 308,920,308 shares. The share capital of the Issuer consists of A-shares and B-shares. There are as of the date hereof 8,212,725 A-shares and 300,707,583 B-shares issued. 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. An A-share can be converted into a B-share on request of the owner of an A-share. In 2011, 850,400 A-shares were converted to B-shares at the request of shareholders.

Amounts converted into Euros in this section are converted at the rate of EUR 1 = SEK 9.02, the average EUR/SEK exchange rate for 2011).

TAXATION

Luxembourg Taxation

The following summary is of a general nature concerning certain Luxembourg tax consequences for holders of Notes when payment of such Notes is made through a paying agent established in Luxembourg, and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June, 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws will be subject to withholding tax of 35 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December, 2005, as amended (the **Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg or to a foreign residual entity securing the payment for such individual will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Swedish Taxation

The following summary outlines certain Swedish tax consequences relating to holders of Notes that are not considered to be Swedish residents for Swedish tax purposes, if not otherwise stated. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address situations where Notes are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the

avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.

Holders not resident in Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Note should not be subject to Swedish income tax, provided that such a holder is not resident in Sweden for Swedish tax purposes and provided that such a holder does not have a permanent establishment in Sweden to which the Notes are effectively connected.

However, and somewhat simplified, provided that the value or the return of the Notes is related to securities taxed as shares, private individuals who have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption, are liable for capital gains taxation in Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a holder, except for certain payments of interest (and other returns on Notes) to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes (see "*Holders resident in Sweden*" below).

Holders resident in Sweden

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, such as life insurance companies. Further, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally be withheld also on other returns on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

EU Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the **Programme Agreement**) dated 8 June, 2012 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any further update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Sweden

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealer following a change in relevant law, regulation or directive. Any such modification will be set out

in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Other than as described in this Base Prospectus, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

Persons into whose hands this Base Prospectus and any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material in all cases at their own expense.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 24 April, 2012.

Approval, Listing and Admission to Trading of Notes on the Luxembourg Stock Exchange

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the Articles of Association (with an English translation thereof) of the Issuer;
- (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December, 2011 and 2010 (in each case together with the audit reports prepared in connection therewith);
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited quarterly financial statements (if any) of the Issuer in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Agency Agreement, the Deed of Covenant, and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Base Prospectus;
- (vi) any future base prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 March, 2012 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December, 2011.

Litigation

Save as disclosed in this Base Prospectus at pages 7 and 48 as described under "*Pending lawsuits in the United States claiming asbestos-related personal injuries*", neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position of the Issuer.

Auditors

The auditor of the Issuer is PricewaterhouseCoopers AB, an authorised accounting firm in the Kingdom of Sweden and member of FAR, who have audited the Group accounts, without qualification in accordance with IFRS, and the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the Kingdom of Sweden for the financial years ended 31 December, 2011 and 2010.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

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