

- The Board of Directors' of AB Electrolux proposal for resolutions on
- (A.) reduction of the share capital
 - (B.) a new issue of shares of series C
 - (C.) reduction of the share capital by way of redemption of shares of series C and transfer to the statutory reserve
 - (D.) acquisition of own shares
 - (E.) transfer of own shares in connection with company acquisitions
 - (F.) incentive program 2003
 - (G.) transfer of own shares due to incentive program 2003
 - (H.) transfer of own shares due to incentive programs 1998–2002 etc.

RECITALS

AB Electrolux ("the Company") has, following an authorization by the Annual General Meetings of Shareholders ("AGM") in 2000, 2001 and 2002, acquired own shares of series B. Following the latest authorization, the Company has acquired 13,972,752 own shares of series B, equal to 4 per cent of the total number of shares. As per 6 March 2003 the Company owned in total 23,120,752 shares of series B, equal to 6.8 per cent of the total number of shares in the Company (338,712,580).

The Board of Directors proposes that the AGM decides on a new program for acquiring own shares. To enable further acquisitions of own shares in addition to previous mandate the number of shares of series B owned by the Company and not required to fulfill undertakings under the current incentive programs must be withdrawn in accordance with Section A. – D. below. Moreover, the Board of Directors proposes that the AGM authorizes the Board to transfer the Company's own shares in connection with company acquisitions in accordance with Section E. below.

Furthermore, the Board of Directors proposes in Sections F – G. below that the AGM decides on an incentive program for 2003, in a total amount of maximum 3,000,000 shares of series B, and on the transfer of own shares of series B to cover the 2003 incentive program and certain costs, mainly social security charges in relation to the 2003 incentive program. Finally the Board of Directors proposes in Section H. below that the AGM decides on the transfer of own shares of series B to cover certain costs, mainly social security charges in relation to the 1998–2002 incentive programs.

A. Reduction of the share capital

The Board of Directors proposes that the AGM decides on a reduction of the Company's share capital by SEK 73,062,900 (the reduction amount) by way of withdrawal, without repayment, of 14,612,580 shares of series B, which the Company has acquired. The purpose of the reduction is that the reduction amount shall be transferred to a reserve to be utilized pursuant to resolution by general meeting of the shareholders.

B. New issue of shares of series C

The Board of Directors also proposes that the AGM decides to increase the Company's share capital by SEK 73,062,900, by way of a new issue of 14,612,580 shares of series C, each at a par value of SEK 5, and on the following terms and conditions.

1. Svenska Handelsbanken AB ("Handelsbanken") shall have the right to subscribe for the new shares by deviation from the shareholders' preferential rights.
2. Subscription for the new shares shall be made on a subscription list not later than May 6, 2003.
3. A price of SEK 5 per share shall be paid in cash for the shares subscribed for in connection with the subscription of the shares.
4. Over-subscription may not be made.
5. The new shares shall not entitle to dividend.

It is noted, that the new shares are subject to the articles of association's reservation to reduce the share capital in accordance with Chapter 6, Section 8, the Swedish Companies Act.

As concerns the reason for deviation from the shareholders' preferential rights and the basis for establishment of the issue price, the following is stated. The resolution to withdraw shares of series B may be executed without the time restraint of obtaining court approval, if at the same time, an amount equal to the reduction amount is contributed to the Company by way of a new issue of shares. Handelsbanken has undertaken to subscribe for, and redeem, the shares in accordance with Section C. below. The issue price has been determined in agreement with Handelsbanken.

The resolution on a new issue of shares shall be subject to the AGM's resolution on reduction of the share capital and transfer to the statutory reserve in accordance with Section C. below.

C. Reduction of the share capital by redemption of shares of series C and transfer to the statutory reserve

The Board of Directors proposes that the AGM resolves on a reduction of the Company's share capital by SEK 73,062,900 (the reduction amount) by way of redemption of all 14,612,580 shares of series C and that an amount corresponding to the reduction amount be transferred to the statutory reserve. The purpose of the reduction is repayment to shareholders. Redemption shall be made immediately after registration of the new shares of series C issued in accordance with Section B. above.

A redemption price shall be paid in the amount of SEK 73,062,900 adjusted with an interest rate corresponding to STIBOR 30 days plus 0.05 percentage points, calculated from the day of payment of the subscription price for the shares of series C. Payment of the redemption price shall be made from non-restricted equity.

The redemption price shall be paid as soon as possible after registration with the Swedish Patent and Registration Office of the resolution regarding reduction of the share capital under this Section C.

The resolution on reduction of the share capital and transfer to the statutory reserve shall be subject to the AGM's resolution on an issue of new shares in accordance with Section B. above.

D. Acquisition of own shares

The Board of Directors proposes that the AGM authorizes the Board, for the period until the next AGM, to acquire shares in the Company, subject to the following conditions.

1. The total amount of shares of series A and/or series B to be acquired may amount to, at the most, so many shares that, thereafter, the Company holds at a maximum 10 per cent of all shares issued by the Company.
2. The shares may be acquired on the Stockholm Stock Exchange and/or the London Stock Exchange.
3. An acquisition of shares through operations on a stock exchange may only be made at a price per share within the at each time registered price interval for the share.
4. Payment for the shares shall be made in cash.

The reason for acquisition of own shares is to continuously be able to adapt the Company's capital structure to its capital needs with the object of contributing to increased shareholder value, and to be able to assign shares in connection with the financing of possible acquisitions of companies and the Company's incentive programs.

E. Transfer of own shares in connection with company acquisitions

The Board of Directors furthermore proposes that the AGM authorizes the Board, for the period until the next AGM, to decide on transfer of the Company's own shares in connection with company acquisitions on the following terms and conditions.

1. Shares of series A and/or series B held by the Company at the time of the Board of Director's decision may be transferred.
2. The shares may be transferred by deviation from the shareholders' preferential rights.
3. Transfer of shares shall be made at a minimum price per share corresponding to an amount in close connection with the price per share of the series concerned on the Stockholm Stock Exchange at the time of the decision of the transfer.
4. Payment for the transferred shares may be made in cash, by contributions in kind or by a set-off of company debt.

The reason for deviation from the shareholders' preferential rights when transferring shares, and the basis for the price of the shares, is to make it possible to finance potential company acquisitions in a cost-effective manner.

F. Incentive program 2003

The Board of Directors proposes that the AGM decides on an incentive program for 2003 in a total amount of maximum 3,000,000 shares of series B, based on the same parameters as the incentive programs 2001 and 2002 according to the following principle terms and conditions (the "Program").

- Maximum 200 senior managers within the Electrolux group shall be granted employee options free of consideration no later than May 30, 2003.
- Grant of employee options may not exceed 60,000 employee options to CEO, 30,000 employee options per person to group management and 15,000 employee options per person to other managers. The members of the board who have been appointed by the AGM and who are not employed by the Company shall not receive employee options.
- Each employee option entitles the holder to purchase one share of series B at an exercise price per share, which where applicable subject to a certain rounding, exceeds by 10 per cent the average closing listed price in accordance with the official price list of the Stockholm Stock Exchange for shares of series B during a period of 10 trading days prior to the grant of options under the Program. The price and the number of shares may be recalculated according to the terms of the program as a consequence of bonus issues, splits, new share issues or the like.
- The employee options are non-transferable and subject to vesting requirements and will be accrued with one third one year after grant date, with one third two years after grant date and with one third three years after grant date, meaning that all the employee options can be exercised only after three years.
- If the holder wishes to exercise the employee option, a notification of purchase of shares shall be made during the period of exercise which commences as the employee options accrue as above and ends seven years after the grant date.
- The issue of employee options is subject to such issue being legal and, in the assessment of the Company, reasonable with respect to administrative costs and financial efforts. Further, as regards employee options offered to employees abroad, deviations from the terms for the employee options offered in Sweden may be made due to local rules and customs.

G. Transfer of own shares due to incentive program 2003

(i) The Board of Directors proposes that the AGM decides to transfer shares in the Company on the following terms and conditions.

1. A maximum of 3,000,000 shares of series B may be transferred.
2. Preferential rights to acquire the shares shall fall to the persons ("Option Holders") who are entitled to acquire shares under the terms and conditions of the Program, each of the Option Holders having the right to acquire at a maximum the number of shares which result from the terms of the Program.
3. The rights of the Option Holders to acquire shares against payment shall be exercised during the period when the Option Holders have a right to acquire shares under the Program, that is, not later than seven years from grant (which is expected to commence in May 2003).
4. For each share the Option Holders shall pay an amount which, where applicable subject to a certain rounding, exceeds by 10 per cent the average closing listed price in accordance with the official price list of Stockholm Stock Exchange for shares or series B during a period of ten trading days prior to the grant of options under the Program. The price and the number of shares may be recalculated according to the terms of the Program as a consequence of bonus issues, splits, new share issues or the like.

(ii) The Board of Directors proposes that the AGM decides that the Company shall have the right, for the period until the next AGM, to transfer not more than 429,000 shares of series B in the Company, in order to cover certain costs, mainly social security charges, which may occur due to the Program. Such transfer of shares shall be effectuated on the Stockholm Stock Exchange at a price at each time within the registered price interval for the share.

H. Transfer of own shares due to incentive programs 1998-2002

The Board of Directors proposes that the AGM decides that the Company shall have the right, for the period until the next AGM, to transfer not more than 1,018,572 shares of series B in the Company, in order to cover certain costs, mainly social security charges, which may occur due to the 1998-2002 incentive programs. Such transfer of shares shall be effectuated on the Stockholm Stock Exchange at a price at each time within the registered price interval for the share.

The Board of Directors proposes that the AGM decides to authorize the President to make the minor adjustments in accordance with the resolutions in Sections A. - C. above which may be required in connection with registration of the resolutions with the Swedish Patent and Registration Office.

In order for the resolutions by the AGM in accordance with the Board of Director's proposal in Sections A. - B., D. - E., G.(ii) and H. above to be valid, the resolutions must be accepted by shareholders holding not less than two thirds of the shares and the voting rights represented at the AGM. In order for a resolution by the AGM in accordance with the proposal in Section G. (i) above to be valid, the resolution must be accepted by shareholders holding not less than nine tenths of both the votes cast and the shares represented at the AGM. In order for the resolutions by the AGM in accordance with the Board of Director's proposal in Sections C. and E. above to be valid, the resolutions must be accepted by a simple majority of the votes cast or, in the case of a tied vote, the chairman shall have the casting vote.

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The Board of Directors



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