

The Board of Directors' of AB Electrolux proposal for resolutions on (A.) reduction of the share capital through redemption of shares of series A and series B, (B.) a new issue of shares of series C, and (C.) reduction of the share capital through redemption of shares of series C and transfer to the statutory reserve

This is an unofficial translation of the Swedish original wording. In the event of any discrepancy between the English translation and the Swedish original, the Swedish text shall prevail.

Background

The Annual General Meeting of AB Electrolux (the "Company") decided on 21 April 2004 to implement a share redemption offer, pursuant to which the Company's shareholders were offered to have their shares redeemed with repayment to the shareholders of approximately SEK 3 billion. The application period for participation in the redemption offer ran from and including 4 May 2004 up to and including 1 June 2004.

In order to implement the redemption offer and to effectuate payment to the shareholders, an Extraordinary General Meeting must resolve on (i) reduction of the share capital, as a consequence of the redemption offer, with a statement of the definite redemption price and the definite number of shares that the redemption comprises, (ii) an issue of new shares of series C to such an extent that an amount equal to the reduction amount is contributed to the Company, and (iii) reduction of the share capital in an amount corresponding to the reduction amount through redemption of shares of series C and transfer to the statutory reserve.

In view of the above, the Board of Directors proposes that the shareholders at the Extraordinary General Meeting on 16 June 2004 adopt the following resolutions.

A. Reduction of the share capital through redemption of shares of series A and series B

The Company's share capital shall be reduced by SEK 75,898,460 (the reduction amount) through redemption of 15,179,692 shares, of which 497,725 shall be shares of series A and 14,681,967 shall be shares of series B. The purpose of the reduction is repayment to the shareholders. For each redeemed share SEK 200 will be paid, of which SEK 5 constitutes the par value. In total, payment will be made of SEK 3,035,938,400. Following the reduction, the share capital will amount to SEK 1,544,601,540.

The redemption price shall be paid as soon as possible after all the resolutions under Sections A. – C. have been registered with the Swedish Patent and Registration Office.

B. New issue of shares of series C

The Company's share capital shall by way of a new issue be increased by SEK 75,898,460, through subscription for 15,179,692 shares of series C, each share with a par value of SEK 5, and on the following terms and conditions.

1. Svenska Handelsbanken AB (the "Bank") shall subscribe for the new shares with deviation from the shareholders' preferential rights.

2. Subscription for the new shares shall be made on a subscription list no later than 21 June 2004.
3. A price of SEK 5 per share shall be paid in cash for the subscribed shares, in connection with the subscription.
4. Over-subscription may not take place.

It is noted that the new shares are subject to the articles of association's reservation on reduction in accordance with Chapter 6, Section 8 of the Swedish Companies Act. It is further noted that pursuant to the articles of association the new shares do not entitle to dividend.

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 redeem shares pursuant to Section A. above may be executed without the delay 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. The Bank has undertaken to subscribe for the shares and have the shares redeemed in accordance with Section C. below. The issue price has been determined in agreement with the Bank.

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

The Company's share capital shall be reduced by SEK 75,898,460 (the reduction amount) through redemption of 15,179,692 shares of series C, and an amount corresponding to the reduction amount shall be transferred to the statutory reserve. The purpose of the reduction is repayment to the shareholder (the Bank). In order to make the transfer to the statutory reserve of an amount corresponding to the reduction amount, funds from non-restricted equity will be used. Redemption shall be effectuated immediately after registration of the new shares of series C issued in accordance with Section B. above.

A redemption price shall be paid for each redeemed share in the amount of SEK five, adjusted as per the day of redemption 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. STIBOR 30 days shall be established on the day of payment of the subscription price.

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

The Board of Directors further proposes that the General Meeting decides to authorize the Company's managing director to make the minor adjustments in the resolutions under Sections A.– C. above, which may be required in connection with the registration of the resolutions with the Swedish Patent and Registration Office.

The General Meetings' resolutions under Sections A.– C. above shall be adopted together as one resolution. In order for the resolution to be valid, shareholders holding not less than two thirds of the votes cast as well as the shares represented at the General Meeting must vote to approve the resolution.

Stockholm in June 2004
Aktiebolaget Electrolux (publ)
The Board of Directors

 **Electrolux**

AB Electrolux (publ)

Postal address

SE-105 45 Stockholm

Visiting address

S:t Göransgatan 143, Stockholm

Telephone

+46 (0) 8-738 60 00

Fax

+46 (0) 8-656 44 78

Website

www.electrolux.com