

The Board of Directors' of AB Electrolux proposal for resolutions on (A.) acquisition of own shares, (B.) transfer of own shares in connection with company acquisitions, (C.) transfer of own shares as a result of the Electrolux Share Program 2006 and (D.) transfer of own shares as a result of the Employee Stock Option Programs for the years 2001–2003 and the Electrolux Share Program for 2004

### **Background**

Electrolux has, for the last few years, on the basis of authorisations by the Annual General Meeting of Shareholders, acquired own shares, for the purpose of using these shares to finance potential company acquisitions and as a hedge for the company's different incentive programs.

The Board of Directors has made the assessment that it is advantageous for the company to continuously be able to adapt the company's capital structure, thereby contributing to increased shareholder value, and to be able to use repurchased shares in connection with financing of potential company acquisitions and the company's option programs 2001–2003, the share programs 2004–2005 and the share program for Electrolux in 2006 proposed by the Board of Directors.

In view of the above, the Board of Directors proposes the General Meeting to resolve as follows.

### **A. Acquisition of own shares**

The Board of Directors is, for the period until the next Annual General Meeting of Shareholders, authorised to resolve on acquisitions of shares in the company as follows.

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

### **B. Transfer of own shares in connection with company acquisitions**

The Board of Directors is, for the period until the next Annual General Meeting of Shareholders, authorised to resolve on transfers of Electrolux 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 with deviation from the shareholders' preferential rights.
3. Transfer of shares may be made at a minimum price per share corresponding to an amount in close connection with the price of the company's shares of the series concerned on the Stockholm Stock Exchange at the time of the decision on 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 in transferring shares and the basis for the sales price of the shares, is to make it possible to finance potential company acquisitions in a cost-effective manner.

### **C. Transfer of own shares as a result of the Electrolux Share Program 2006**

The Board of Directors proposes that the Annual General Meeting of Shareholders resolves to transfer own shares in the company on the following terms.

1. A maximum of 900,000 shares of series B may be transferred.
2. Right to acquire shares shall be granted to the persons participating in the Electrolux Share Program ("the Participants"), with a right for each Participant to acquire the maximum number of shares stipulated in the terms and conditions for the Electrolux Share Program.
3. The participants right to receive shares is conditional upon all terms and conditions of the Electrolux Share Program being fulfilled.
4. Shares shall be transferred free of charge under the Electrolux Share Program.
5. The number of shares that may be transferred under the Electrolux Share Program may be subject to recalculation as a result of bonus issue, share split, rights issues and similar measures in accordance with the terms and conditions of the Electrolux Share Program.

#### **D. Transfer of own shares as a result of the Employee Stock Option Programs 2001–2003 and the Electrolux Share Program 2004**

The Board of Directors further proposes, as a result of the company's employee stock option programs 2001–2003 and the Electrolux Share Program 2004, that the Annual General Meeting of the Shareholders resolves that the company shall be entitled, for the period until the next Annual General Meeting, to transfer a maximum of 900,000 shares of series B in the company to cover costs, primarily social security charges, that may arise as a result of these employee stock option programs. Transfer may take place on the Stockholm Stock Exchange at a price within the registered price interval from time to time.

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The reasons for deviation from the shareholders' preferential rights and the basis for determination of transfer prices for transfers of own shares are as follows.

The transfer of own shares is an integrated part of previously implemented employee stock options programs as well as the proposed Electrolux Share Program. The Board of Directors considers it to be an advantage to Electrolux and its shareholders that senior officers and key employees of Electrolux are offered the possibility to become shareholders of the company. The Board of Directors further considers that shares previously repurchased by Electrolux shall be used, where applicable, to cover the costs, primarily social security charges, arising as a consequence of already implemented employee stock options programs and to enable delivery of shares under the proposed Electrolux Share Program. The basis for determination of the applicable transfer prices follows from the proposals by the Board set out above.

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#### **Majority requirement**

In order for the resolutions by the General Meeting in accordance with the Board of Director's proposal in Clauses A., B. and D. above to be valid, the resolutions must be accepted by shareholders holding no less than two thirds of the votes cast as well as the shares represented at the General Meeting. In order for the Annual General Meeting's resolution in accordance with the proposal under item C. above to be valid, shareholders representing at least nine tenths of the votes cast as well as the shares represented at the meeting must be in favour of the proposal.

Stockholm, March 2006

*THE BOARD OF DIRECTORS*