

The board of directors' of AB Electrolux statement pursuant to Chapter 20, Section 8 of the Swedish Companies Act (2005:551)

The board of directors has proposed that the extraordinary general meeting to be held on 12 December 2006 resolves on a reduction of the company's share capital by redemption of 308,920,308 shares, of which 9,502,275 are series A shares and 299,418,033 series B shares, with repayment to the shareholders. For each redeemed share a cash payment of SEK 20, of which SEK 2.50 is the quotient value of the share, is proposed. However, no payment is to be made in respect of shares held by the company. The total redemption price will thus amount to a maximum of SEK 5,636,430,940¹. Of the redemption price, SEK 772,300,770 constitutes the amount by which the share capital is reduced (the "Reduction Amount"). Consequently, in addition to the Reduction Amount an amount of, in total, a maximum of SEK 4,864,130,170 will be distributed by use of the company's non-restricted equity.

The board of directors has also proposed that the extraordinary general meeting to be held on 12 December 2006 resolves on a bonus issue, whereby the share capital be increased by an amount corresponding to the Reduction Amount. It is thereby possible to effect a reduction of the share capital with repayment to the shareholders as described above without obtaining permission from the Swedish Companies Registration Office or, in case of any dispute, the court. It is proposed that the increase in the share capital be effected by a transfer from the non-restricted equity.

In view of the board of directors' proposal for a reduction of the share capital with repayment to the shareholders as described above, the board hereby makes the following statement pursuant to Chapter 20, Section 8 of the Swedish Companies Act.

It is noted, that the annual general meeting held on 24 April 2006 had at its disposal the profit of the previous year of SEK 1,997,323 thousand, together with profits carried forward of SEK 12,498,452 thousand, in total SEK 14,495,775 thousand. Had the financial instruments which have been estimated at their market value pursuant to Chapter 4, Section 14 of the Swedish Annual Accounts Act instead been estimated at the lower cost principle, the company's shareholders' equity would have been SEK 78,282 thousand higher.

The annual general meeting held in April 2006 resolved on a dividend in the total amount of SEK 2,219,867 thousand to be paid out to the shareholders in cash, together with all shares in the wholly-owned subsidiary Husqvarna AB with a book value of SEK 608,471 thousand and to carry forward SEK 11,667,437 thousand. Provided that the extraordinary general meeting adopts the board of directors' proposed resolution above, the company's disposable non-restricted equity pursuant to Chapter 17, Section 3 of the Swedish Companies Act will thereafter amount to a minimum of SEK 5,489,030 thousand. After implementation of the proposed reduction of the share capital with repayment to the shareholders and bonus issue there will be full coverage for the company's and the group's restricted shareholders' equity.

The board of directors has the view that, after the proposed reduction of the share capital with repayment to the shareholders, the company's and the group's non-restricted equity will be sufficient in relation to the

¹ Calculated on the outstanding shares per 30 September 2006, at which time the company held 27,098,761 treasury shares. In accordance with a resolution by the annual general meeting in April 2006, an additional number of 3,793,269 shares may be repurchased, which would reduce the total redemption price. The number of repurchased shares may decrease if employees redeem their options, which would increase the total redemption price.

nature, scope and risks of the business. In making this assessment, the board of directors has considered, among other things, the company's and the group's growth historically, its budgeted growth and the economic situation. The board has in its assessment also considered the effects of the dividend of all shares in Husqvarna AB earlier during the year, as well as the repurchases of treasury shares effected during the same period. The board of directors has evaluated the company's and the group's financial position and the company's and the group's possibilities of fulfilling their obligations in the short and in the long term. The company's and the group's solvency is assessed to be good, also after the proposed reduction of the share capital with repayment to the shareholders, with regard to the business in which the group is active.

The proposed reduction of the share capital with repayment to the shareholders will not affect the company's or the group's ability to fulfil their payment obligations. The company and the group have access to both short and long-term credit facilities. The credits may be utilized at short notice, for which reason the board of directors assesses that the company's and the group's preparedness to handle both changes in the liquidity and unexpected events is good.

The board of directors has the view that the company and the group have the requirements to take future business risk and also to bear any losses. The reduction of the share capital with repayment to the shareholders will not negatively affect the company's and the group's ability to make further, businesslike justified investments in accordance with the board of directors' plans.

In addition to what has been stated above, the board of directors has considered other known circumstances which may be of importance for the company's and the group's financial position. In doing so, no circumstance has appeared that does not justify the proposed reduction of the share capital with repayment to the shareholders.

Stockholm in November 2006
AB Electrolux (publ)
THE BOARD OF DIRECTORS