

The board of directors' of AB Electrolux proposal for redemption of shares, including (A) a change of the articles of association, (B) a share split, (C) reduction of the share capital by redemption of series A shares respectively series B shares, and (D) an increase of the share capital by way of a bonus issue, etc.

Background

In the light of the Group's strong balance sheet after the distribution of Husqvarna, the board of directors of AB Electrolux (the "company") proposes that the extraordinary general meeting to be held on 12 December 2006 resolves on a mandatory redemption of shares, under which procedure each share will be divided into two shares (*share split* 2:1) each with a quotient value of SEK 2.50, of which one share is to be redeemed at SEK 20 and, as a result, in total approximately SEK 5,6 billion¹ will be distributed to the shareholders. In addition, the board of directors proposes that a bonus issue be implemented by a transfer of SEK 772,300,770 from the company's non-restricted equity to the share capital. For this reason, the board proposes that the meeting decides in accordance with the following proposal.

A. Change of the articles of association

The board of directors proposes that the wording of the articles of association be changed, involving, principally

- that the permitted range of the share capital be reduced from a minimum of SEK 1,5 billion and a maximum of SEK 6 billion to a minimum of SEK 750 million and a maximum of SEK 3 billion (Section 4).

A proposal for a new wording of the articles of association is enclosed as Appendix A.

B. Share split

The board of directors proposes that the quotient value (the share capital divided by the number of shares) is changed by way of a so called share split, so that each share be divided into two shares (of the same series), one of which shall be named redemption share in the VPC system and be redeemed in the manner stated under Section C below. The record day at VPC AB (*the Swedish Central Security Depository*) for implementation of the share split is set to 5 January 2007. It is noted that, after implementation of the share split, the company will have a total of 617,840,616 outstanding shares, of which 19,004,550 shares are series A shares and 598,836,066 shares are series B shares, each share with a quotient value of SEK 2.50.

C. Reduction of the share capital by redemption of series A shares and series B shares, respectively

The board of directors proposes that the extraordinary general meeting decides that the share capital be reduced by SEK 772,300,770 (the reduction amount) through redemption of 308,920,308 shares, of which 9,502,275 series A shares and 299,418,033 series B shares, each with a quotient value of SEK 2.50 after implementation of the share split. The shares that are to be redeemed are the shares which, after

¹ This amount may increase or decrease depending on the number of shares held by the company, which do not give a right to repayment. The distributed amount will be not more than SEK 6,178,406,160.

implementation of the share split in accordance with Section B above, are named redemption shares in the VPC system. The record day for the right to receive redemption shares shall be the same day as the record day of implementation of the share split in accordance with Section B above, that is 5 January 2007.

The purpose of the reduction of the share capital is repayment to the shareholders and, to the extent that the reduction of the share capital is made by redemption of shares held by the company, for transfer to a fund to be used pursuant to a resolution adopted by the general meeting. For each redeemed share (irrespective of the series of shares) a redemption price of SEK 20 shall be paid in cash, of which SEK 17.50 exceeds the quotient value of the share. However, no payment shall be made in respect of redeemed shares held by the company. Accordingly, the total redemption price will be maximum SEK 5,636,430,940². In addition to the reduction amount, a calculated amount of, in total, not more than SEK 4,864,130,170, will be distributed, by use of the company's non-restricted equity. Payment for the redeemed shares shall be made as early as possible, however not later than ten banking days after the Swedish Companies Registration Office's registration of all resolutions pursuant to Sections A – D.

It is noted, that the company's share capital, after reduction in accordance with the above, amounts to SEK 772,300,770, divided into, in total, 308,920,308 shares, of which 9,502,275 shares of series A and 299,418,033 shares of series B, each share with a quotient value of SEK 2.50.

In its statement under Chapter 20, Section 13, fourth paragraph of the Swedish Companies Act, the board of directors states the following. The resolution on reduction of the share capital by redemption of shares pursuant to this Section C may be implemented without obtaining the Swedish Companies Registration Office's or a general court's permission, since the company at the same time makes a bonus issue pursuant to Section D below, as a measure with the object that neither the company's restricted shareholders' equity, nor its share capital be reduced. The effect of the reduction and the bonus issue on the company's restricted equity and the share capital appears, as concerns the reduction, from what is stated in the preceding paragraph and, as concerns the bonus issue, from what is stated in Section D, second paragraph below.

Provided that the extraordinary general meeting of shareholders resolves in accordance with the board of directors' proposal above and in accordance with the board's proposal of a bonus issue pursuant to Section D below, a minimum of SEK 5,489,030,000 will remain of the non-restricted equity which is disposable pursuant to Chapter 17, Section 3 of the Swedish Companies Act.

D. Bonus Issue

The board of directors also proposes that the extraordinary general meeting resolves that the company's share capital be increased by SEK 772,300,770 by way of a bonus issue. The amount by which the share capital shall be increased shall be transferred to the share capital from the non-restricted equity. No new shares shall be issued in connection with the increase of the share capital.

It is noted that, after the increase described above, the company's share capital will amount to SEK 1,544,601,540 divided into, in total, 308,920,308 shares, of which 9,502,275 shares are series A shares and 299,418,033 series B shares, each with a quotient value of SEK 5.

² 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. The total redemption price can amount to not more than SEK 6,178,406,160.

Resolutions adopted by the extraordinary general meeting pursuant to Section A – D above shall be adopted as one single resolution. To be valid, the general meeting's resolution must be supported by shareholders holding at least two thirds of both the votes cast and the shares represented at the meeting.

Finally, the board of directors proposes that the extraordinary general meeting resolves to authorise the company's CEO to make the small adjustments of the resolutions pursuant to Sections A – D above that may be required in connection with the registration of the resolutions by the Swedish Companies Registration Office or VPC AB.

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