

*This is a non-official translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.*

## **REPORT ON THE WORK OF THE NOMINATION COMMITTEE FOR THE ANNUAL GENERAL MEETING 2007**

### **Assignment and constitution of the Nomination Committee**

At the Annual General Meeting 2006 in AB Electrolux ("Electrolux") it was decided that Electrolux, for the Annual General Meeting ("AGM") 2007, should have a Nomination Committee with representatives of the four largest shareholders in the company, and the chairman of the Board of Directors of Electrolux.

The Nomination Committee for the AGM 2007 was composed on the basis of shareholder statistics from VPC AB as of September 30, 2006, and was announced in a press release on October 16, 2006. On November 9, changes in the Committee were announced, as Andra AP-fonden had reduced its holding. Carl Rosén, who had represented Andra AP-fonden, resigned from the Committee and was replaced by Marianne Nilsson, representing Swedbank Robur fonder. There has been no additional changes in the composition of the Nomination Committee since then.

The chairman of the Nomination Committee is Börje Ekholm, CEO and President of Investor. The other members are Ramsay J. Brufer, Alecta Pensionsförsäkring, Annika Andersson, Fjärde AP-fonden, Marianne Nilsson, Swedbank Robur fonder and Michael Treschow, chairman of the Board of Directors in Electrolux.

The assignment of the Nomination Committee included to prepare proposals for the Electrolux AGM in 2007 in the following issues:

- (a) Chairman of the AGM
- (b) Members of the Board of Directors
- (c) Chairman of the Board of Directors
- (d) Directors' fee, stating the distribution between the chairman and other members of the Board of Directors, as well as remuneration for committee work
- (e) Auditor's fee, and
- (f) Nomination Committee for the AGM 2008

### **The work of the Nomination Committee**

The Nomination Committee has had seven meetings. The members have also had contacts in between the meetings. The issues which the Nomination Committee has dedicated the most time are the size and the constitution of the proposed Board of Directors, the fee for the Directors and the nomination committee process for the AGM in 2008. The Audit Committee has assisted the Nomination Committee in preparing the proposals regarding auditor's fee.

As a basis for its work the Nomination Committee has i.a. taken part of the evaluation of the Board of Directors and its work which has been prepared during the year. On this basis, the Nomination Committee determined that it would be advantageous for the Board of Directors's work and for the company as a whole with an increased diversification of the Board of Directors, in particular with respect to industrial experience and experience from sale and marketing of consumer goods.

A larger group of potential candidates was identified based on these specifications. Individual shareholders have also been given the opportunity to present proposals to the Nomination Committee via e-mail.

After discussions in the Nomination Committee, the candidates deemed having the relevant experience and competence, as well as being otherwise suitable, have been subjected to a further evaluation process. The Nomination Committee has finally, either personally or through videolink, interviewed the final candidates.

### **The proposal of the Nomination Committee**

*Board of Directors, etc.*

Michael Treschow has, as previously announced, declined re-election as chairman of the Board of Directors of Electrolux at the AGM in 2007.

The Nomination Committee proposes Marcus Wallenberg as new chairman of the Board of Directors.

The Nomination Committee proposes three new Directors, and that the number of Directors that are elected by the AGM consequently should be nine. The Nomination Committee proposes re-election of the following persons as Directors:

- Marcus Wallenberg, chairman of the Board of Directors
- Peggy Bruzelius, deputy chairman of the Board of Directors
- Hans Stråberg, President and CEO
- Louis R. Hughes
- Barbara Milian Thoralfsson
- Caroline Sundewall

Additionally, the Nomination Committee proposes the election of the following new Directors:

- John Lupo has been a principal of management consulting firm Renaissance Partners in the US since 2000, and is a member of the Board of Directors of several companies related to the consumer goods market. Mr. Lupo has more than 35 years of experience from the US consumer goods sector in companies such as Wal-Mart Stores and Dillard Department Stores. Mr. Lupo, born in 1946, is an

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American citizen and holds a Bachelor of Science degree in Business Administration from Miami University of Ohio, USA.

- Johan Molin has been President and CEO of Assa Abloy, Sweden, a global leader in lock and door opening solutions, since 2005. Mr. Molin is also member of the Board of Directors of Assa Abloy. Between 2001 and 2005 Mr. Molin was CEO of Nilfisk-Advance, a leading manufacturer of professional cleaning equipment. Mr. Molin, born in 1959, is a Swedish citizen and holds a Bachelor of Science degree in Financial Economics from the Stockholm School of Economics.
- Torben Ballegaard Sørensen has been President and CEO of the high-end audio and video manufacturer Bang & Olufsen, Denmark, since 2001. Mr. Sørensen was previously Executive Vice President of Lego Company, Denmark. Mr. Sørensen, born in 1951, is a Danish citizen and holds an MBA from the Aarhus School of Business Administration supplemented with the Executive Program at Stanford University.

Further information regarding the proposed members will be made available on the Group's web site.

The Nomination Committee proposes Michael Treschow as chairman of the AGM in 2007.

#### *Evaluation of independence*

The Nomination Committee considers that the proposed Board of Directors fulfil the requirements of independence under both the Stockholm Stock Exchange rules and the Swedish Code on Corporate Governance. Only one of the proposed Directors, Hans Stråberg, President and CEO of Electrolux, is a part of the Group management of Electrolux.

All proposed Directors, with the exception of Marcus Wallenberg and Hans Stråberg, have been considered independent by the Nomination Committee, both in relation to the major shareholders of Electrolux and in relation to the company and the management of the company. Marcus Wallenberg has not been considered independent, neither in relation to the major shareholders in Electrolux, nor in relation to the company or the management of the company. Marcus Wallenberg is i.a. the chairman of the Board of Directors of SEB, with which bank Electrolux has extensive business relations. Hans Stråberg has been considered independent in relation to the major shareholders of Electrolux, but not – in his capacity as President and CEO – in relation to the company and the management of the company.

#### *Fee for the members of the Board of Directors of Electrolux*

The Nomination Committee proposes the following fee, which for the individual Directors is unchanged:

- (a) SEK 1,500,000 to the chairman of the Board of Directors, SEK 500,000 to the deputy chairman and SEK 437,500 to each other Director appointed by the General Meeting which is not employed by the company, and

- (b) For committee work, to the members who are appointed by the Board of Directors; SEK 175,000 to the chairman of the Audit Committee and 75,000 to each of the members of the Committee and SEK 100,000 to the chairman of the Remuneration Committee and SEK 50,000 to each of the members of the Committee.

The Board of Directors of Electrolux has – as recommended by the Nomination Committee in 2006 – adopted a policy according to which the members of the Board of Directors each year shall use 25 per cent of the fee, net of taxes, for purchase of shares in Electrolux. The fee proposal has been based on this policy being maintained.

The Nomination Committee considers that it is for the benefit of Electrolux and its shareholders that the members of the Board of Directors, as long as they remain in this capacity, and regardless of whether they are already shareholders in Electrolux, each year use part of the directors' fee to purchase shares in the company. The intention is that shares that are acquired for part of the director's fee shall be kept for as long as the Director remains in that position.

#### *Auditor's fee*

The Nomination Committee proposes that the fee to the auditor for the financial year 2007 shall be paid in accordance with approved invoices.

#### *Nomination Committee for the AGM 2008*

The Nomination Committee proposes a number of smaller changes being made in the nomination committee process from previous years. The main features of the composition and work of the Nomination Committee are, however, the same as were applied for this year's and the preceding years' AGMs.

The changes proposed include the following:

- It is proposed to increase the Nomination Committee from five to six members. The additional member is proposed to be appointed by the company's Board of Directors, among the Directors. The additional member should thus be able to contribute with additional knowledge of the company in the Nomination Committee's work.
- It is proposed that the Nomination Committee is convened already during the spring, instead of in September, as today. This gives further time to prepare the Nomination Committee's proposals.
- A few clarifying guidelines have been proposed for purpose of facilitating the determination of which co-operating owners that should be consider as one owner for i.a. the appointment of a representative to the Nomination Committee.
- Finally, it is proposed that the composition of the Nomination Committee normally shall not be changed on account of ownership changes occurring later than three months prior to the AGM. Normally, the main part of the Nomination Committee work should be finalized, or at least approach finalization, at that time. An owner that has become one of the four largest shareholders at such time on account of any more significant ownership changes is, however, proposed to be entitled to appoint a representative who shall be invited to participate in the Committee's work

The Nomination Committee's full proposal will be made available on the Group's webpage.

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Stockholm, March 2007  
*The Nomination Committee of AB Electrolux*