

## Press release

Stockholm, February 26, 2008

### Notice convening the Annual General Meeting of AB Electrolux

The shareholders of AB Electrolux are hereby invited to participate in the Annual General Meeting to be held on Tuesday, April 1, 2008 at 5 p.m. in the Berwald Hall, Dag Hammarskjölds väg 3, Stockholm, Sweden.

#### Registration and notification

Shareholders who wish to participate in the General Meeting must

- be recorded in the share register kept by VPC AB on Wednesday, March 26, 2008, and
- give notice of intent to participate, thereby stating the number of assistants attending, to the company no later than 4 p.m. on Wednesday, March 26, 2008. Notice of intent to participate can be given by letter to AB Electrolux, C-J, SE-105 45 Stockholm, Sweden, by telephone +46-8-738 64 10, by fax +46-8-738 63 35, or on the Internet on the Group's web site, [www.electrolux.com/agm](http://www.electrolux.com/agm).

Notice should include the shareholder's name, personal or organization identification number, address and telephone number. The information provided in the notification will be computer processed and used only for the Annual General Meeting 2008.

Shareholders represented by proxy should submit the proxy to the company prior to the General Meeting. The company supplies proxy forms to shareholders who so wish. When ordering such a proxy form please use the same address and telephone number as for the notice (see above).

Shareholders, whose shares are registered in the name of a bank or other trustee, must have their shares registered temporarily in their own names in order to participate in the General Meeting. In order for the registration to be entered in the share register on Wednesday, March 26, 2008, shareholders should request that the trustee effects such re-registration well in advance of that date.

#### Agenda

1. Election of Chairman of the Meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of two minutes-checkers.
5. Determination as to whether the meeting has been properly convened.

#### AB ELECTROLUX (PUBL)

POSTAL ADDRESS  
SE-105 45 STOCKHOLM  
VISITING ADDRESS  
S:T GÖRANSGATAN 143

MEDIA HOTLINE  
+46 8 657 65 07  
TELEFAX  
+46 8 738 74 61

INVESTOR RELATIONS  
+46 8 738 60 03  
WEB SITE  
[www.electrolux.com](http://www.electrolux.com)

E-MAIL  
[ir@electrolux.se](mailto:ir@electrolux.se)  
REG.NO.  
556009-4178

6. Presentation of the Annual Report and the Audit Report as well as the Consolidated Accounts and the Audit Report for the Group.
7. Speech by the President, Hans Stråberg.
8. Presentation of the activities of the Board of Directors and its Committees during the past year and the Auditor's presentation of the audit work during 2007.
9. Resolution on adoption of the Income Statement and the Balance Sheet as well as the Consolidated Income Statement and the Consolidated Balance Sheet.
10. Resolution on discharge from liability of the Directors and the President.
11. Resolution on dispositions in respect of the company's profit pursuant to the adopted Balance Sheet and determination of record date for dividend.
12. Determination of the number of Directors and Deputy Directors. In connection therewith, report on the work of the nomination committee.
13. Determination of fees to the Board of Directors and the Auditor.
14. Election of Board of Directors and Chairman of the Board of Directors.
15. Proposal for resolution on nomination committee.
16. Proposal for resolutions on
  - a) remuneration guidelines for the Electrolux Group Management, and
  - b) implementation of a performance based, long-term incentive program for 2008.
17. Proposal for resolutions on
  - a) acquisition of own shares,
  - b) transfer of own shares on account of company acquisitions, and
  - c) transfer of own shares on account of the employee stock option programs for 2001 – 2003 and the performance share program for 2006.
18. Proposal for resolution on changes in the articles of association.
19. Closing of the meeting.

**Dividend and record date** (item 11)

The Board of Directors proposes a dividend for the financial year 2007 of SEK 4.25 per share and Friday, April 4, 2008, as record date for the dividend. Subject to resolution by the General Meeting in accordance with this proposal, dividend is expected to be distributed by VPC AB on Wednesday, April 9, 2008.

**Proposal for Chairman of the Meeting and number of Directors** (items 1 and 12)

The Electrolux nomination committee, consisting of the Chairman Petra Hedengran, Investor, and the members Ramsay J. Brufer, Alecta Pension Insurance, Marianne Nilsson, Swedbank Robur Funds and Rune Andersson, Mellby Gård AB as well as Marcus Wallenberg and Peggy Bruzelius, Chairman and Deputy Chairman, respectively, of the Board of Directors of the company, proposes:

- Marcus Wallenberg as chairman of the Annual General Meeting.
- 9 Directors and no Deputy Directors.

**Proposal for fees to the Board of Directors and Auditor** (item 13)

The nomination committee proposes Directors' fees as follows: SEK 1,600,000 to the Chairman of the Board of Directors, SEK 550,000 to the Deputy Chairman of the Board of Directors and SEK 475,000 to each of the other Directors appointed by the General Meeting but not employed by Electrolux and, for committee work, to the members who are appointed by the Board of Directors: SEK 200,000 to the Chairman of the audit committee and SEK 85,000 to each of the other members of the committee and SEK 120,000 to the Chairman of the remuneration committee and SEK 55,000 to each of the other members of the committee.

The nomination committee proposes that it be possible to pay part of the fees to the Directors, in respect of their assignment to the Board of Directors, in the form of so-called synthetic shares, on the following principal terms and conditions:

- A nominated Director shall have the possibility of electing to receive 50 per cent of the value of the proposed fee in the form of synthetic shares and 50 per cent in cash, or 75 per cent of the fee in cash and 25 per cent of the fee in the form of synthetic shares. Foreign Directors may elect to receive 100 per cent of the fee in cash.
- The synthetic shares shall be valued to an average of the market price of shares of series B in the company immediately following the publication of the company's interim report for the first quarter of 2008. The synthetic shares are vested during the term of office, with 25 per cent per quarter of the year.
- The synthetic shares entail a right to payment, in the year 2013, of a cash amount per synthetic share corresponding to the price for shares of series B of the company at each time of payment. Payment shall be made on four occasions during the year and shall refer to 25 per cent of the synthetic shares on each occasion.
- Dividends paid in respect of the company's shares of series B until the time of payment shall be credited the Director in the form of allocation of additional synthetic shares.
- Should the Director's assignment come to an end not later than four years after the time of allocation, cash settlement may take place during the year after the assignment came to an end.
- The number of synthetic shares and/or the value per synthetic share may be subject to recalculation in the event of bonus issues, split, rights issues and similar measures, under the terms and conditions for the synthetic shares.
- The company's commitment to pay in respect of the synthetic shares shall be hedged by the company, either through repurchased own shares or a hedging agreement with a bank.

The nomination committee proposes that the Auditor's fee be paid on approved account.

**Proposal for election of the Board of Directors and Chairman of the Board (item 14)**

As previously announced, the Director Louis R. Hughes has declined re-election. The nomination committee proposes:

- Re-election of the Directors Marcus Wallenberg, Peggy Bruzelius, Torben Ballegaard Sørensen, John Lupo, Barbara Milian Thoralfsson, Johan Molin, Hans Stråberg and Caroline Sundewall. Hasse Johansson is proposed as new Director.
- Marcus Wallenberg as Chairman of the Board of Directors.

**Proposal for resolution on nomination committee (item 15)**

The nomination committee proposes an unchanged nomination committee process in relation to the previous year, on the following principal terms:

- The company should have a nomination committee consisting of six members. The members should be one representative of each of the four largest shareholders in the company with regard to the number of votes held who wish to appoint such representatives, together with the Chairman of the Board of Directors (who should convene the first meeting) and one additional Director. The latter member shall be

appointed by the Board of Directors among the Directors who are independent in relation to the company.

- The nomination committee shall be composed based on shareholder statistics from VPC AB as of the last banking day in April 2008 and other reliable shareholder information which has been provided to the company at such time. When determining who are the four largest shareholders with regard to the number of votes held, a group of shareholders shall be considered one owner if they (i) have been organised as a group in the VPC-system or (ii) have made public and notified the company that they have made a written agreement to take - through the coordinated exercise of voting rights - a common long-term view on the management of the company.
- The nomination committee shall prepare the below proposals to be submitted to the Annual General Meeting 2009 for resolution:
  - proposal regarding Chairman of the General Meeting,
  - proposal regarding the Board of Directors,
  - proposal regarding Chairman of the Board of Directors,
  - proposal regarding Directors' fees for each of the Directors as well as remuneration for committee work,
  - proposal regarding Auditor's fees, and
  - proposal regarding nomination committee for the Annual General Meeting in 2010.

**Proposal for resolutions concerning (A.) remuneration guidelines for the Electrolux Group Management and (B.) implementation of a performance based, long-term incentive program for 2008 (item 16)**

**A. Remuneration Guidelines for the Electrolux Group Management**

The Board of Directors proposes that the Annual General Meeting approve remuneration guidelines for the Electrolux Group Management on the following principal terms:

The guidelines shall apply to the remuneration and other terms of employment for the President and CEO and other members of Group Management of Electrolux ("Group Management").

**Guiding principles**

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the home country or region of each Group Management member. The remuneration terms shall emphasize "pay for performance", and vary with the performance of the individual and the Group. The total remuneration for Group Management can comprise the components as are set forth hereafter.

**Fixed compensation**

Annual Base Salary ("ABS") shall be the foundation of the overall remuneration package of Group Management. The salary shall be competitive relative to the relevant country market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically to ensure continued competitiveness and to recognize individual performance.

### **Variable compensation**

Following the “pay for performance” principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation can be offered both with short term performance targets (up to 1 year) and long term performance targets (3 years or longer).

Performance may be measured against both financial and non-financial targets. The financial targets may comprise Value Creation on Group level, as well as other financial measures. Non-financial targets shall focus on elements in line with the Electrolux strategic plans. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors from year to year.

#### *Short Term Incentive (STI)*

Group Management members shall participate in a STI plan under which they may receive variable compensation in addition to the fixed salary. The main objectives in the STI shall be on financial targets. These shall be set based on annual financial performance of the Group and, for the Sector Heads, of the Sector for which the Group Management member is responsible. In addition, non-financial targets in line with Electrolux strategic plans may be used to create focus on issues of particular interest at Group, Sector or the individual functional level.

The size of STI entitlements shall be dependent on job size and may amount to a maximum of 100 per cent of ABS. Reflecting market norms, the corresponding numbers for Group Management members in the USA are 100 per cent of ABS at target performance and 150 per cent of ABS at stretch performance. For the President and CEO, the size of STI entitlements may amount to up to 70 per cent of ABS at target performance and 110 per cent of ABS at stretch performance.

#### *Long Term Incentive (LTI)*

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the Annual General Meeting and, if affirmative, whether the proposed long-term incentive program shall involve the transfer of company shares.

#### *Extraordinary arrangements*

In addition to STI and LTI, variable compensation may be approved by the Board of Directors in extraordinary circumstances, under the conditions that such extraordinary arrangement shall be made for recruitment or retention purposes, may only be agreed on an individual basis, shall never exceed three (3) times the annual salary and shall be earned and/or paid out in installments over a minimum of two (2) years.

### **Notice of Termination and Severance Pay**

The notice period shall be twelve months if the company takes the initiative and six months if the Group Management member takes the initiative. In individual cases, the Board of Directors may approve severance arrangements in addition to the notice periods. Severance arrangements may only be payable upon termination by Electrolux of the employment arrangement or where a Group Management member gives notice as the result of an important change in his or her working situation, as a result of which he or she can no longer perform to standard.

### **Deviations from the guidelines**

The Board of Directors shall be entitled to deviate from these guidelines if special reasons for doing so exist in any individual case.

## **B. Implementation of a performance based, long-term share program for 2008**

The Board of Directors proposes that the Annual General Meeting resolve to implement a performance based, long-term share program for 2008 (Share Program 2008) on the following principal terms:

- The program for 2008 is proposed to include up to 160 senior managers and key employees of the Electrolux Group, which receive the possibility to be allocated shares of series B in Electrolux free of charge.
- The participants of the program shall be divided into five groups; the President and CEO, other members of the Group Management and three additional groups for other senior managers and key employees. For each group, the Board of Directors will determine a maximum value for the Share Program 2008 denominated in SEK. The maximum value for the President and CEO amounts to SEK 5,000,000 (SEK 3,600,000 in 2007), for the other members of the Group Management to SEK 1,800,000 (value unchanged versus 2007) and for other senior managers and key employees not less than SEK 675,000 and not more than SEK 1,350,000 (both values unchanged versus 2007), respectively. The total sum of the maximum values for all participants will not exceed SEK 146,000,000, excluding social costs.
- Each maximum value shall thereafter be converted into a maximum number of shares, based on the average closing share price of Electrolux shares of series B on the Nordic Exchange in Stockholm during a period of ten trading days before the day the participants are offered to participate in the program, reduced by the present value of estimated dividend payments for the period until shares are allotted.
- The calculated number of shares shall be connected to certain targets for average annual growth in earnings per share for the Group established by the Board of Directors. The targets are set at certain average annual growth rates during a three-year performance period 2008 – 2010, versus the actual outcome on earnings per share in the financial year 2007.
- The targets for average annual growth in earnings per share for the Group include a minimum level, which is set at 5.0 per cent average annual growth in earnings per share for the Group and which has to be reached or exceeded for any allocation to take place. The maximum level is set at 20.0 per cent average annual growth in earnings per share for the Group. If the maximum level is reached, the allocation will amount to the maximum number of shares as stated in the previous items. If the minimum level is reached, the allocation will amount to 25.0 per cent of the maximum number of shares. If the average annual growth in earnings per share for the Group is below the maximum level but exceeds the minimum level, a proportionate allocation of shares will be made.
- Allocation of shares requires, among other things, that the persons participating in the program during the entire performance period, with certain exemptions, are employed in the Electrolux Group. If all conditions in the Share Program 2008 are met, allocation of shares will take place free of charge after the expiration of the three-year performance period and following approval of the results by the Board of Directors in its meeting in February 2011.

- Shares allocated under the Share Program 2008 according to the above, with the exception of those shares which may be sold to cover income tax for the participants in the program, shall be under certain disposition restrictions, for an additional two-year period after the expiration of the performance period.

#### *Costs for the Share Program 2008*

The total costs for the Share Program 2008 during a three-year period have been estimated to a maximum of SEK 182,000,000, including costs for social security charges and financing costs for repurchased own shares.

#### *Hedging measures for the Share Program 2008*

Electrolux holds a significant amount of repurchased shares, which have been repurchased in accordance with a mandate granted by previous Annual General Meetings for the purpose of i.a. securing undertakings under Electrolux incentive programs. As delivery shall not take place until 2011, the Board of Directors has resolved not to propose any delivery measures at present.

### **Proposal for resolutions on (A.) acquisition of own shares, (B.) transfer of own shares on account of company acquisitions, and (C.) transfer of own shares on account of the employee stock option programs for 2001 – 2003 and the performance share program for 2006 (item 17)**

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

The Board of Directors proposes that the Annual General Meeting authorize the Board, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company on the following terms and conditions:

1. The company may acquire, as a maximum, so many shares of series B that, following each acquisition, the company holds a maximum 10 per cent of all shares issued by the company.
2. The shares may be acquired on the Nordic Exchange in Stockholm.
3. Acquisition of shares may only be made at a price per share at each time within the prevailing price interval for the share.
4. Payment for the shares shall be made in cash.

#### **B. Transfer of own shares on account of company acquisitions**

The Board of Directors proposes that the Annual General Meeting authorize the Board, for the period until the next Annual General Meeting, to resolve on transfers of shares in the company in connection with – or as a consequence of – company acquisitions on the following terms and conditions:

1. Shares of series B held by the company at the time of the Board of Directors' 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 on the Nordic Exchange in Stockholm 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.



**C. Transfer of own shares on account of the employee stock option programs for 2001 – 2003 and the performance share program for 2006**

The Board of Directors proposes, on account of the company's employee stock option programs for 2001 – 2003 and the performance share program for 2006, that the Annual General Meeting resolve that the company shall be entitled, for the period until the next Annual General Meeting, to transfer a maximum of 3,000,000 shares of series B in the company for the purpose of covering costs, including social security charges, that may arise as a result of the aforementioned programs. Transfer shall take place on the Nordic Exchange in Stockholm at the prevailing price interval.

**Proposal for resolution on changes in the articles of association (item 18)**

The Board of Directors proposes that the Annual General Meeting resolve on changes in the articles of association. The proposed changes involve principally the following:

§ 5: A new paragraph is inserted to the effect that owners of series A shares shall be entitled to request conversion of series A shares to series B shares (so-called conversion clause). Further, redeemable shares of series C may no longer be issued. All references in this section to shares of series C are therefore deleted.

§ 7: A new paragraph is inserted to the effect that the Board of Directors is authorized to appoint a special auditor to audit such statements or plans prepared by the Board of Directors in relation to such an issue of shares, warrants or convertibles with provisions on non-cash consideration or that subscription shall be made against payment through set-off of claims, transfer of own shares against non-cash consideration, reduction of the share capital or the statutory reserve, merger or division of limited companies.

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**Shares and votes**

There are in total 308,920,308 shares in the company, of which 9,502,275 are shares of series A and 299,418,033 shares of series B, corresponding to in total 39,444,078 votes. The company currently holds 27,281,891 own shares of series B, corresponding to 2,728,189 votes, that may not be represented at the General Meeting.

**Documents**

The Annual Report and the Auditor's Report as well as the nomination committee's and the Board of Directors' complete proposals for resolutions under items 13-18 above will be available at the company – AB Electrolux, C-J, SE-105 45 Stockholm, Sweden and at the Group's web site on the Internet: [www.electrolux.com/agm](http://www.electrolux.com/agm) – and will, on request, be sent to shareholders at the address given, as from March 18, 2008.

Stockholm in February 2008  
AB Electrolux (publ)  
THE BOARD OF DIRECTORS

**Electrolux** is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire. In 2007, Electrolux had sales of SEK 105 billion and 57,000 employees. For more information, visit <http://www.electrolux.com/press>

Electrolux may be required to disclose the information provided herein pursuant to the Securities Market Act.