

Press release

Stockholm, April 1, 2008

Electrolux Annual General Meeting 2008: CEO's comments on current market conditions

In addition to presenting significant events in 2007 and the Group's strategic ambitions, Electrolux CEO Hans Stråberg comments on current market conditions and expectations for 2008. He repeats the outlook that operating income is expected to be in-line with 2007, but that economic conditions remain uncertain. As a consequence of the initially weak trend of the markets in North America and Europe as well as a number of negative non-recurring items, as previously announced, we expect that operating income for the first quarter of 2008 will be somewhat negative. An extract of CEO's comments is shown below.

"I'd like now to move on to our view of developments during the current year.

The issue of whether the US economy is in recession or not is a frequent topic of debate. The appliance industry has been in recession since mid-2006. The market is on its way to the seventh consecutive quarter of negative growth in the US.

We maintain the assessment that we issued in January that demand for appliances shows a slightly negative development compared to 2007.

However, the year has started somewhat weaker than we anticipated. Our estimate is that the market declined by 10% in February compared to the same month in 2007, which means that demand was almost 15% lower than in February 2006.

While the US market has declined sharply, the European market has been stable in recent years and showed a slight growth.

During the fourth quarter of 2007 we saw a clear slowdown in key markets such as Germany, the UK and Spain – a trend that continued in the first quarter of 2008. Demand in Western Europe remains weak, while we see continued growth in Eastern Europe.

We still expect a slight increase in overall demand in Europe in 2008.

As previously, we expect Electrolux operating income in 2008 to be in-line with 2007.

A number of factors will have an impact on our results.

First, we have reduced complexity in our European operations and are now able to manage the operations with a lower headcount. We expect this to lead to more than 400 people leaving the company. The cost of this will be around SEK 400 million and will be taken in the first quarter.

Second, costs will continue to be higher for the products we launched in Europe, even though we are now able to reduce costs on a stepwise basis.

Third, we expect the major Electrolux launch in the US to impact negatively on income due to substantial initial marketing costs. The positive effects will not be seen until 2009.

Fourth, we anticipate that raw material costs will rise for the fourth consecutive year and expect an increase of SEK 1 billion in 2008. We continue to make savings and raise prices, but it will be difficult to entirely offset the cost increases.

However, we are gradually increasing underlying results through operational improvements and I believe we will be able to compensate for these negative items.

We will see positive effects from our major restructuring program and from cost-savings in purchasing, administration and production. The product launches in Europe will raise margins. A slight market growth will also improve results.

But I will already at this stage announce that the first quarter will be very weak. Historically, the first quarter is the seasonally weakest quarter, accounting for only 10-15% of the full year results.

As a consequence of the initially weak trend of the markets in North America and Europe as well as a number of negative non-recurring items, as previously announced, we expect that operating income for the first quarter of 2008 will be somewhat negative.

But I would like to repeat that our outlook for the full year remains unchanged and that we expect operating income for 2008 to be in-line with 2007, but that economic conditions remain uncertain."

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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>

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