

90 years of leading innovations and design



Thinking of you

 **Electrolux**

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OPERATIONS AND STRATEGY

A strong balance sheet and an effective strategy give Electrolux a strong position in the current economic downturn, and the company is well prepared for a market recovery. Our long-term goal of an operating margin of 6% has not changed.

CEO statement, page 2.



“Thinking of you” expresses the Electrolux offering: To maintain continuous focus on the consumer. Consumer Products comprises products for kitchens, fabric care and cleaning. Professional Products comprises corresponding products for professional users.

Electrolux business, page 4.



Achieving a significant position in the North American premium segment is an important part of the Electrolux strategy for profitable growth. The Electrolux-branded products launched in 2008, are available at more than 4,000 retailer floors.

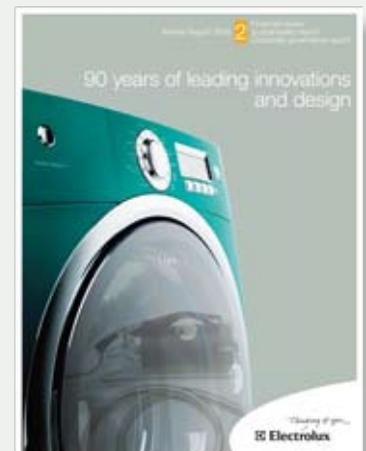
Electrolux strategy, page 26.



ANNUAL REPORT 2008

Part 1 describes Electrolux operations and strategy.

Part 2 consists of the financial review, sustainability report and corporate governance report.



Electrolux offering

Category

Products

CONSUMER DURABLES

KITCHEN



For household kitchens throughout the world Electrolux sells cookers, ovens, refrigerators, freezers, dishwashers, hoods and small appliances. The increasing role of the kitchen as a meeting place for family and friends gives Electrolux a unique display area.

LAUNDRY



Washing machines and tumble dryers are the core of the Electrolux product offering for cleaning and care of textiles. Innovations and a growing preference for higher capacity and user-friendliness are driving demand for Electrolux products.

FLOOR-CARE



Electrolux vacuum cleaners and accessories are sold to consumers worldwide. A strong global distribution network and an attractive product offering are important competitive advantages. All production is located in low-cost countries.

PROFESSIONAL PRODUCTS



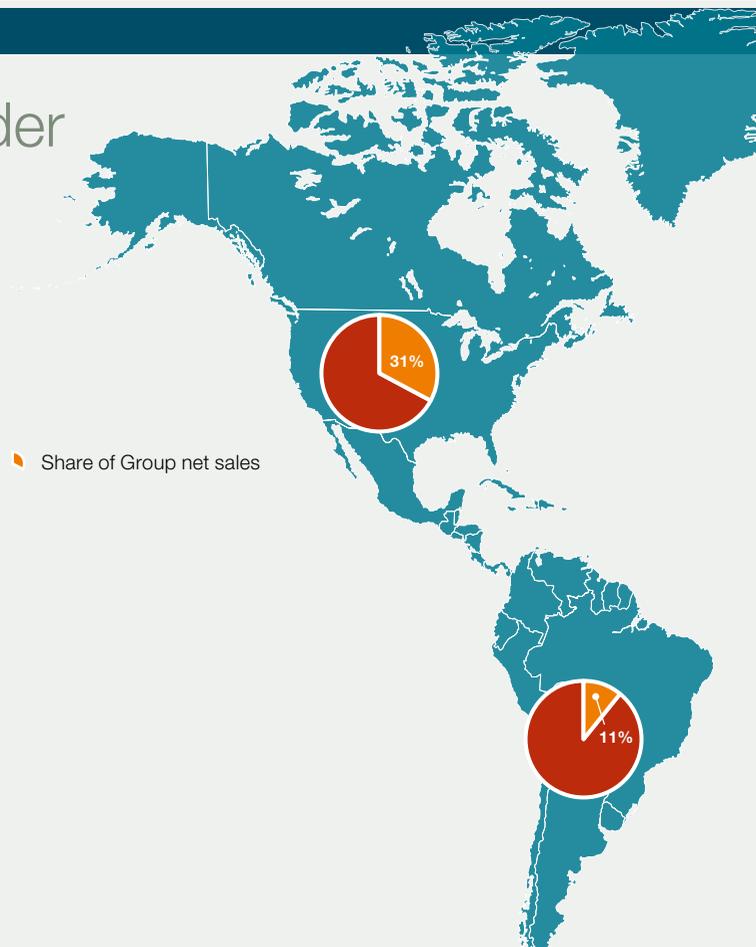
Electrolux sells a range of products for professional kitchens and laundries. High productivity, maximum utilization of resources and an extensive service network are key factors for purchases by professionals. Electrolux has a global presence, and is largest in Europe.

Electrolux – a global leader with a customer focus

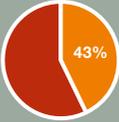
Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year.

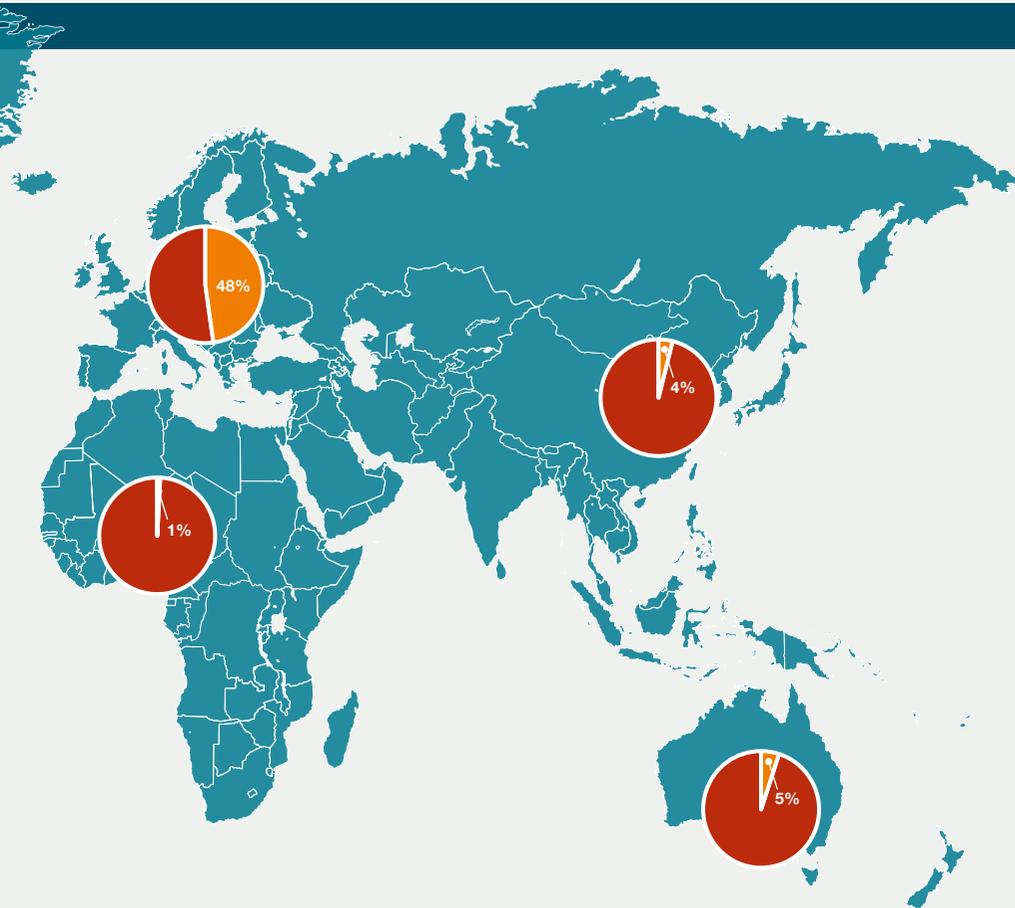
The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire.

In 2008, Electrolux had sales of SEK 105 billion and 55,000 employees.



Electrolux business areas

	Share of sales	Operating income	Development 2008
Total Group	SEK 104,792m	SEK 1,188m	
Consumer Durables Europe	 43%	SEK -22m	Declining demand in many of the Group's most profitable markets, lower utilization of capacity in the plants and costs for personnel cutbacks adversely affected operating income for appliances in Europe in 2008.
Consumer Durables North America	 31%	SEK 222m	Operating income for appliances in North America was affected by continuing weak market demand, increased raw material costs and costs for the Electrolux launch in the premium segment.
Consumer Durables Latin America	 10%	SEK 715m	Group sales in Latin America increased strongly during the year and market shares were strengthened. Operating income improved substantially and is the highest ever for the Latin American operations.
Consumer Durables Asia/Pacific and Rest of world	 9%	SEK 369m	Sales in Asia/Pacific showed good growth. Operating income for the operations in Australia, New Zealand and Southeast Asia improved compared to 2007, mainly thanks to previous restructuring measures and market growth.
Professional Products	 7%	SEK 774m	Operating income and margin for Professional Products improved in 2008 compared to the previous year, as a consequence of increased sales volumes, price increases and relocation of production to Thailand. Operating income of 2008 was the best ever.



1) Excluding items affecting comparability.

2008 in summary

Operating income decreased due to weak demand and charges for structural measures.

Decrease in number of employees by more than 10% during 2008 and 2009 in order to meet weakening markets.

Electrolux gained market shares in North America through the new Electrolux-branded appliances in the premium segment.

Income improvements for appliances in Latin America and Asia/Pacific as well as for Professional Products and floor-care operations.

Increased investments in energy-efficient products have strengthened the brand.



90 years of leading innovations and design

Axel Wenner-Gren, the founding father of Electrolux, established the principles by which the company still thrives. His dream to improve quality of life has had fundamental impact on homes around the world. Today's Electrolux, 90 years later, is a global leader in household appliances and appliances for professional use.

"Thinking of you" expresses the Electrolux offering: To maintain continuous focus on the consumer, whether it's a question of product development, design, production, marketing, logistics or service.

Thinking of you

 **Electrolux**

A strategy for difficult times and for continuing change

A strong balance sheet and an effective strategy give Electrolux a strong position in the current economic downturn, and the company is well prepared for a market recovery. Our long-term goal of an operating margin of 6% has not changed.

In 2008, we experienced dramatic declines in demand for appliances in our major markets. Toward the end of the year, demand also sank rapidly in growth markets in Asia, Latin America and Eastern Europe. We do not expect any positive changes in the market in the near future. Electrolux has made adjustments to meet tougher times. In addition to the cost-reduction programs we started in 2008 in the form of personnel cutbacks, in recent years we have put in a great deal of work on developing our strategy. This means that we now have a cost-efficient production and we develop products with strong brands that are attractive to consumers. When the market recovers, Electrolux will be well prepared.

Competitive production

Our comprehensive restructuring program for relocating the majority of production to low-cost countries is now in its final stages. When it is fully implemented in 2010, more than half of the Group's appliances will be manufactured in these countries, and annual savings will amount to approximately SEK 3 billion. We have also succeeded in reducing our purchasing costs, mainly by increasing the share of purchases from suppliers in low-cost countries. In addition, production at all Group plants is now more efficient, on the basis of the Electrolux Manufacturing System (EMS).

In order to meet the current slump in demand, we must continue to adjust our organization. In 2008 and 2009, the total number of employees will have been reduced by more than 10%. This has naturally involved making a number of important and very difficult decisions, but they were absolutely necessary. As a result, we will not only survive a period with very low demand, but we will also have a strong platform to stand on when the recovery comes.

Well-defined brand strategy

Electrolux has developed a stringent and well-defined brand strategy over the past few years. The focus is on the Electrolux brand, which is positioned in the higher price segments. It is clear that our comprehensive product launch in Europe during 2007 strengthened the brand throughout the region and improved our product mix. This also applies to our even more comprehensive launch of Electrolux-branded appliances in North America. Just a few years ago, our presence in North America was limited to Frigidaire-branded products in the mass market, but the Electrolux brand has enabled us to capture substantial market shares in the

higher-price segments. In the US, by year-end 2008 the new Electrolux-branded products were being sold by more than 4,000 dealers. I have monitored this launch very carefully, and it is especially gratifying to report the strong support we have received from our retailing partners. The Internet has played a greater role than in any other major launch. This is a cost-efficient and dynamic media channel in which we will continue to increase our investment.

Improved product offering

That our product offering has continuously improved is certainly not news. But we have also made it more efficient at lower cost, which is a strong point. In our process for consumer-oriented product development, a product cannot be created until a decision has been made as to which consumer needs it would satisfy and which segment is targeted. The foundation of the process is consumer insight, generated by interviews, visits to consumer homes and surveys that identify the consumer's actual preferences.

Every Electrolux-branded product launched in North America in 2008 was developed through this process. These products offer greater freedom of choice, shorter operating time, higher capacity, greater user-friendliness and better performance than most other competing products in the North American market. They also feature high-profile design and give the impression of exclusivity. The results of these product launches of kitchen and laundry appliances have surpassed our expectations, and we estimate that we already have a market share of about 5% in the large and profitable premium segment. And this is just the beginning.

An environmental leader

Growing numbers of consumers throughout the world are demanding energy-efficient, environment-friendly products. Electrolux is a leader in this area, and each new generation of appliances launched by the Group is more energy-efficient than the one before. Electrolux has a broad approach to the environment, which includes setting criteria for products in terms of low consumption of electricity, water and gas, without compromising on functions and performance. In 2008, we increased our investment in marketing for our most environment-friendly products in both Consumer Durables and Professional Products. This generated good results and strengthened the brand as well. The importance of this issue was confirmed by the major stimulus plan that was approved by the US Congress

“ The correctness of our strategy is shown by our powerful and successful transformation of the Group’s floor-care operation and the operations in Latin America, Australia and Southeast Asia as well as within Professional Products. ”



early in 2009, which included incentives to increase consumption of energy-efficient appliances.

The fundamentals are still in place

Although market demand is very weak, the long-term drivers of the market for household appliances are unchanged. Households replace their old appliances with new ones, they renovate their homes, and market penetration increases, above all in growth countries. A number of strong long-term trends are also continuing. Households spend increasingly more of disposable income on the home, and on the kitchen in particular. With life-styles changing, consumers are demanding products that make tasks such as preparing and storing food simpler and more healthful. In addition, the high rate of innovation in the industry in terms of new functions and new design is stimulating consumers to replace their old household appliances at an increasingly faster rate. Electrolux intends to utilize these trends in order to generate a growth rate that is higher than the market average.

Focus on sound finances

During my 25 years in the industry, I have never experienced such a rapid and sharp downturn in demand as in the latter part of 2008. We must be humble and acknowledge that we are faced with a very difficult market, and that no one can predict when it will recover. In this situation, it is especially important to be cautious, and to focus on sound finances. That is why the Board made a historic and difficult decision to recommend suspending the divi-

dend for 2008. Electrolux has previously when times have permitted, increased the usual dividend and provided extra dividends as well. We will keep this philosophy, but implementing it requires both a market recovery and improved earnings. Our strong balance sheet ensures that we will have a strong position when the market recovers. This enables us to take action to additionally reinforce our position.

Our goal is unchanged

The correctness of our strategy is shown by our powerful and successful transformation of the Group’s floor-care operation and the operations in Latin America, Australia and Southeast Asia as well as within Professional Products. We are now focusing on becoming even more efficient in Europe and benefiting from our improved product offering in North America. It is definitely possible to achieve our long-term goal of an operating margin of 6%, as soon as market conditions have stabilized. It can take time before we see growth again in the market.

Stockholm, March 2009

A handwritten signature in black ink that reads "Hans Stråberg". The signature is written in a cursive, flowing style.

Hans Stråberg
President and Chief Executive Officer

Operations

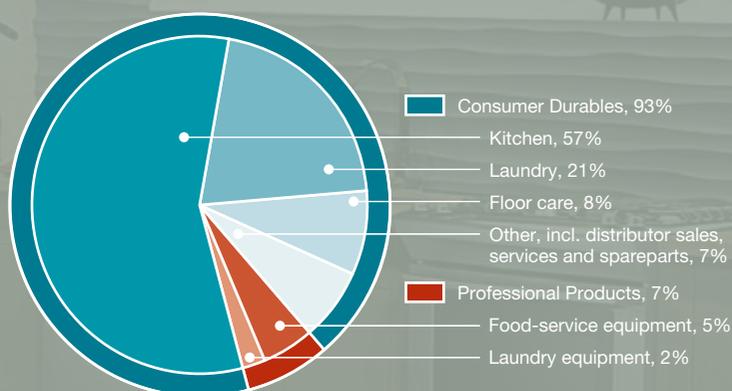
“Thinking of you” expresses the Electrolux offering: To maintain continuous focus on the consumer, whether it’s product development, design, production, marketing, logistics or service. Electrolux achieves profitable growth by offering products and services that are preferred by consumers, that benefit people as well as the environment, and for which customers are prepared to pay higher prices. Innovative products, lower costs and a strong Electrolux brand create a foundation for improving Group profitability.

Thinking of you



PRODUCT CATEGORIES — what we sell

Share of sales



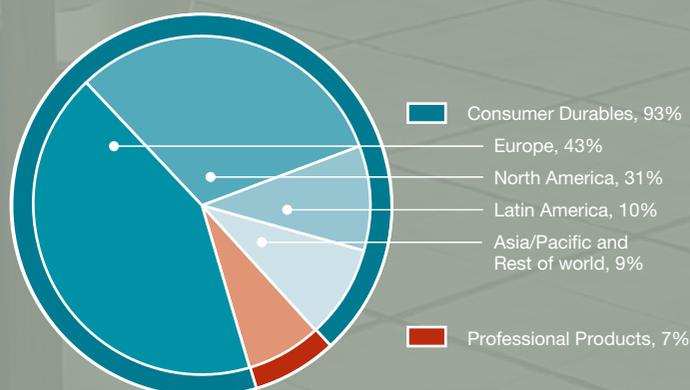
In 2008, Electrolux sold more than 40 million products. Almost half of them were sold under the global

40 million
sold products

Electrolux brand. Consumer Products comprises products for kitchens, fabric care and cleaning. Professional Products comprises corresponding products for professional users, e.g., industrial kitchens, restaurants and laundries.

BUSINESS AREAS — how we report

Share of sales



The Group’s products are sold in more than 150 markets. The largest of these are in Europe and North America. Operations are organized in five business areas. Consumer Durables consists of four regional business areas, while Professional Products is a single global business area.

Sales on
150 markets

Consumer Durables

Electrolux kitchen products

Electrolux kitchen appliances have a considerable global market share and a strong position among the leading energy-efficient products. Kitchen products account for more than half of Group sales.

Consumer trends

As one of the most frequently used rooms in the home, the kitchen is where the family socializes and prepares food together, often with guests. Consequently, demand for kitchen products that are quiet and user-friendly is increasing. Design is becoming increasingly more important, as the appearance of kitchen products reflects the owners' personalities and values. Consumers also prefer products that are favorable for the environment. Such products feature low consumption of water and energy, are manufactured of sustainable materials, and can easily be recycled.

Interest in preparing food is increasing simultaneously with a strong trend to health and wellness. Consumers are demanding products that preserve nutritional ingredients and freshness of food, both before, during and after cooking, for quickly prepared daily meals as well as more advanced culinary creations.

Market

Long-term stable demand...

Kitchen products are replaced immediately when they break down, which contributes to relatively stable long-term growth. In recent years, growth has been highest in the high- and low-price market segments. In the high-price segment, consumers prefer products with low energy consumption, new features and improved design, and they often replace functioning kitchen products with newer models.

...with higher sales in growth markets...

Demand for low-price kitchen products is rising. This development is particularly strong in growth markets, where rising living conditions show strong improvement. In some of these countries, especially in Latin America and Asia, demand for more exclusive kitchen products is also rising as a middle class with greater purchasing power emerges.

...and increasingly more built-in products.

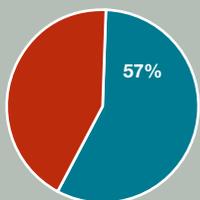
The trend to built-in kitchen appliances is increasing worldwide, and is particularly strong in Europe, the Middle East, Southeast Asia and Australia. Kitchen specialists account for a large share of sales of built-in products, which means that kitchen cabinets and appliances combine to create a homogenous and harmonious impression. As a rule, profitability is higher for built-in appliances than for free-standing products.

Electrolux kitchen products

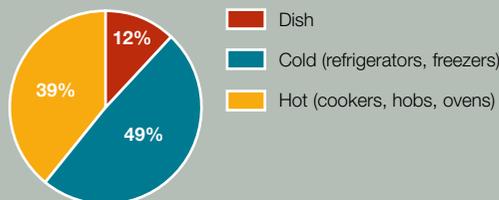
Market position

Electrolux maintains substantial market shares for all major kitchen appliance categories. For built-in products, Electrolux has reinforced the position in recent years through cooperation with leading producers of kitchen furnishings. The Group's products are well-represented among the most energy-efficient product categories.

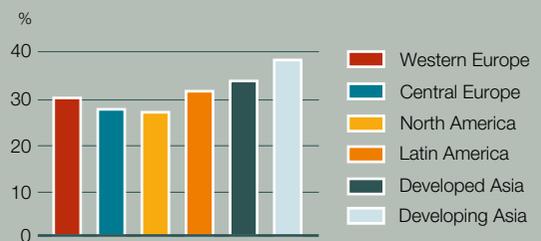
Kitchen products, share of Group sales



Product categories, share of kitchen products



Global interest in cooking



Almost every third consumer worldwide is actively seeking new ideas and information about food and cooking. Following from this, there are good growth opportunities in the long-term for producers of innovative and easy-to-use kitchen appliances. Source: GfK Roper Consulting, 2008.

Kitchen products are relatively heavy and bulky, and are not suitable for long-distance transportation. Production is consequently located close to the end-user market. Asia-based producers, therefore, have relatively small market shares in Europe and North America.

Brands

Approximately half of the kitchen products sold by the Group are Electrolux-branded. The vast majority of kitchen products in Latin America and Asia is sold under the Electrolux brand. In Australia, the brands Electrolux, Westinghouse, Chef, Kelvinator and Dishlex are used.

In Europe, approximately 45% of kitchen products are Electrolux-branded. AEG-Electrolux and Zanussi are also major brands in Europe. In the North American market, Electrolux-branded kitchen products are sold in the high-price segment and Frigidaire-branded in the mass-market segment. Electrolux also produces appliances that are sold by retail chains under their own brands.

Innovative products drive growth

Refrigerators and freezers

Refrigerators and freezers are exposed to severe competition, and show profitability that is generally lower than for other product categories. In contrast, innovative products demonstrate strong growth and profitability, and Electrolux is consequently working actively to launch appliances with innovative, energy-efficient storage solutions.

More than 80% of the total environmental impact of large kitchen appliances such as refrigerators are generated from energy consumption during use. Lower energy consumption means lower total costs for the consumer. Refrigerators on the cutting edge of efficiency today, for example, consume 65% less energy than standard refrigerators launched 15 years ago.

Cookers and ovens

The Group's strongest position in kitchen products is for cookers and ovens. These product categories are among the most profitable of Electrolux kitchen appliances. They are also technologically advanced, which provides greater opportunities for product differentiation.

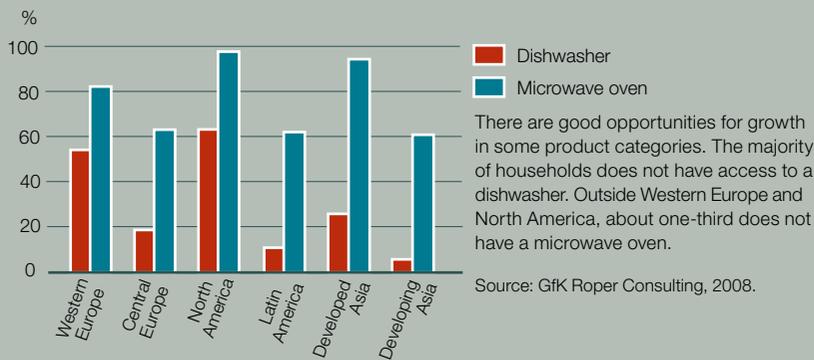
Innovations are driving strong growth in specific market segments. One example is the steam oven, previously used only in professional kitchens but launched with great success by Electrolux for consumer use. Steaming is an excellent cooking method because it preserves nutritional substances and no fat has to be added. Induction hobs comprise another segment with strong growth.

Dishwashers

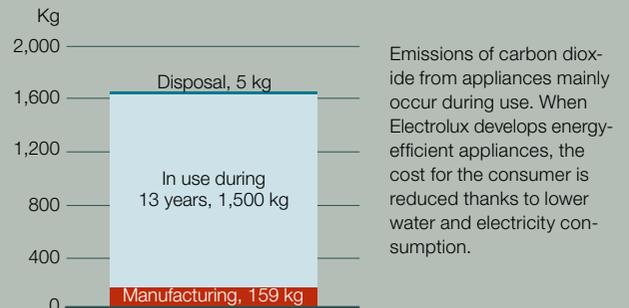
Electrolux produces dishwashers for both large and small households. An average UK household will save 7,200 liters of water per year using a dishwasher, compared to washing the same dishes by hand. This is a particularly strong sales argument in markets facing water shortages. Consumers also value features such as low noise levels, tailored dishwashing programs, and automatic sensing of washing requirements, which reduce dishwashing time.

There is still a large potential for growth in the dishwasher segment. For example, only half of European households have dishwashers, in part because the dishwasher is incorrectly perceived as environmentally-unsound.

Dishwashers and microwave ovens in households



Emissions of carbon dioxide from refrigerators



Experience on the web in China

– Dream kitchen

The dream kitchen, www.dreamkitchen.com.cn, application was developed to support the launch of Electrolux built-in range in Asia/Pacific. On the website, users can build their own dream kitchens by selecting different appliances and place them in various kitchen environments. It is also possible to change cabinets, walls and floors – all in order for the user to visualize what his/her built-in kitchen could look like.

1 Select kitchen environment.

2 Select color.

3 Select appliances.

4 Visualize what your dream kitchen could look like.

Electrolux laundry products

Electrolux is one of the world's leading producers of front-loaded washing machines, a segment that is showing rapid growth globally.

Consumer trends

The placing of washing machines and tumble dryers within the home varies between cultures. Laundry appliances can be placed in the bathroom, the kitchen, or the laundry room. A separate laundry room is common in North America, and is increasing in demand among households in Europe. Since laundry appliances are often visible, design is becoming more important, and washers and dryers are purchased together in order to provide a uniform appearance. In Asia, laundry appliances are often positioned outdoors, under a roof.

While interest in design is increasing, function and capacity are still the highest priorities. Consumers prefer practical, user-friendly products. Although households are becoming smaller and washing machines run at half-load as people require greater cleanliness, demand for higher capacity is growing. Demand for energy- and water-efficient appliances is increasing globally, as more people have to share resources such as water and oil.

Market

Most households have washers...

Most households in the West have access to washing machines, but access to tumble-dryers is at a considerably lower level. The share of households that buy tumble-dryers together with washing machines is growing steadily, however. In growth markets, the share of households with washing machines is increasing as the standard of living rises, but many people still wash by hand.

...preferably front-loaded...

Washing machines are loaded from either the top or the front. Top-loaded washers have traditionally dominated the markets in North America and Australia, but demand for front-loaded machines is increasing. This trend is also evident in Southeast Asia, where in 2008 growth for front-loaded washers was almost double that for the total laundry market.

...which has many benefits.

The main drivers of the growing demand for front-loaded washers are that they consume less water and energy during a washing cycle, and offer larger capacity. However, the main priority for the consumer is that front-loaded machines offer better washing performance and generate less wear on garments.

Electrolux laundry products

Market position

Electrolux has strong positions for washing machines and tumble dryers. The largest global market share is for front-loaded washers. As the Group is one of the leading producers, it benefits from the strong growth in this segment. The Group has also established a position as one of the leading producers of energy and water-efficient appliances. Electrolux was the first to develop a tumble-dryer in European energy class A, the highest energy efficiency class.

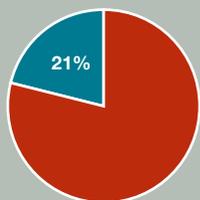
Brands

In Europe, the Group's laundry appliances are sold primarily under the Electrolux, AEG-Electrolux and Zanussi brands. In Asia and Latin America, they are sold primarily under the Electrolux brand. In North America, laundry products are sold under the Frigidaire brand in the low and medium-price segments, and under the Electrolux brand in the high-price segment since 2008. In Australia, these products are sold under the Electrolux, Westinghouse and Simpson brands.

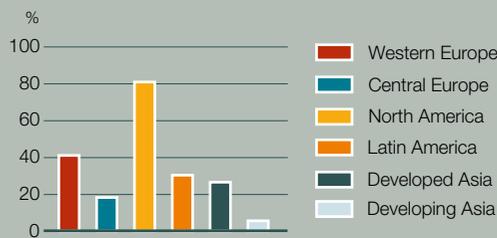
Products with new functions drive growth

In addition to capacity, washing performance and energy consumption, consumers value innovations that simplify washing chores. This insight has enabled Electrolux to develop completely new functions for washing machines and tumble-dryers. For example, a dryer that can handle silk and other sensitive materials has been launched by Electrolux.

Laundry products, share of Group sales

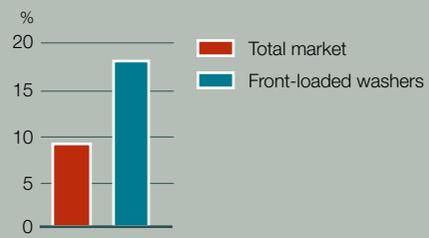


Tumble dryers in households



Globally, 87% of households today have washing machines. The access level to dryers is lower and much dependent on continent.
Source: GfK Roper Consulting, 2008.

Growth for washers in Southeast Asia



In Southeast Asia, the demand for washers is estimated to have grown by approximately 9% in 2008, compared to the previous year. Growth was strongest for front-loaded washers, a segment where Electrolux strong position was further strengthened during the year.

Experience on the web in North America — Virtual laundry

The virtual laundry room, www.electroluxappliances.com, gives in-depth insights to the benefits of the new Electrolux laundry range for the North American market. The consumer is invited to browse through videos and demos but also to configure the laundry appliances according to his/her need. The consumer simply selects color and the most suitable set-up of products to see how it would work in the own laundry room.

Enter the virtual laundry room.

Select different colors and set ups of products...

...and discover all functions.

Electrolux floor-care products

Electrolux is one of the world's largest producers of vacuum cleaners. Most of the Group's vacuum cleaners are developed and sold globally, which makes Electrolux unique in the industry.

Consumer trends

The size of households is diminishing as the share of elderly people increases, and many people now establish families later in life. Thus, there is an increasing need for compact and effective vacuum cleaners with design that allows them to be left in sight. Growing numbers of consumers also want more than one vacuum cleaner in the home, i.e., a cordless unit for limited daily cleaning, and a larger more powerful vacuum cleaner for cleaning the entire home.

Increased awareness of health issues is generating demand for products that clean the air, have low noise levels and are ergonomically designed. Although vacuum cleaners are not yet energy labeled, customers are looking for cleaners that are energy-efficient, are produced by sustainable production systems, and are made of recyclable materials.

Market

A globalized industry...

Vacuum cleaners are suitable for long-distance shipping, as the shipping cost per unit is relatively low. The vacuum-cleaner industry is, therefore, more globalized in comparison with kitchen and laundry appliances, and most vacuum cleaners are produced in low-cost countries.

...with continued regional differences...

In North America and the UK, consumers prefer upright vacuum cleaners, while in other European countries and Asia wheeled models are the most popular. The share of bagless vacuum cleaners is growing in virtually all markets. North America has the largest share of households with bagless models.

...and growth driven by innovation.

For many years, the market for vacuum cleaners featured declining prices and an expanding offering of low-price products. For

the last few years, the strongest growth has been for vacuum cleaners with innovative functions and higher prices.

Electrolux cleaning products

Market position

Electrolux is one of the world's largest producers of vacuum cleaners. Electrolux opened its first vacuum-cleaner plant outside Sweden as early as 1926, and the Group's cleaners are currently sold in more than 50 countries. Electrolux is also the market leader in the segment for central vacuum cleaners, and has a substantial market share for accessories.

All Electrolux vacuum cleaners are made in low-cost countries. More than two-thirds of them are made by producers in China, with whom Electrolux has cooperated for many years.

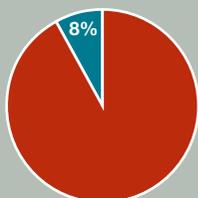
Brands

All Group vacuum cleaners sold in Asia and Latin America are Electrolux-branded. Electrolux is the dominant brand in Europe, where the Group's brands also include Volta, Tornado, Progress and Zanussi. In the US, most of the Group's vacuum cleaners are sold under the Eureka brand, but sales of more exclusive Electrolux-branded models are increasing.

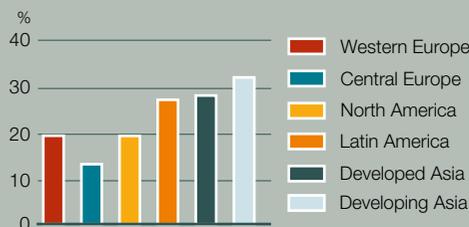
Innovative products drive growth

Electrolux is committed to continuous development of innovative products with attractive design, which consumers are prepared to pay for, such as the hand-held Ergorapido for daily cleaning. The growing demand for vacuum cleaners with high environmental performance has created a new market niche. Electrolux has developed and launched several energy-efficient vacuum cleaners made of recycled material.

Floor-care products, share of Group sales

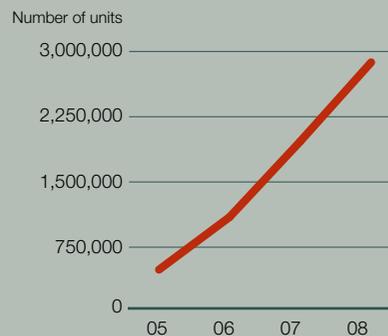


Consumers wish for improved cleaning



25% of consumers wish for improved cleaning. Following from this, there are good opportunities for those who offer simple and efficient cleaning products. Source: GfK Roper Consulting, 2008.

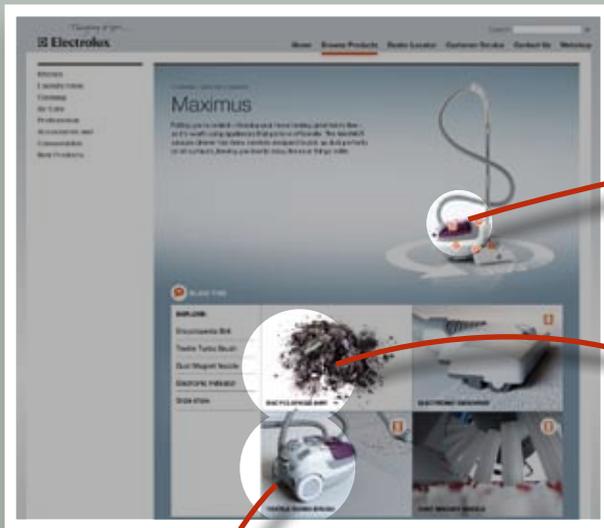
Accumulated sales volumes of cleaner Electrolux Ergorapido



More than 2.8 million units of the cordless stick cleaner Electrolux Ergorapido have been sold since the launch. The second generation Ergorapido was launched in September 2007.

Experience on the web in Europe – Electrolux Maximus

The extended product presentation of the vacuum cleaner Electrolux Maximus, www.electrolux.sk, on the web is designed to provide all information that the consumer is looking for. By interacting with the vacuum cleaner, the user is able to find out all about different features and functions. In addition, there are demos and videos as well as an “Encyclopedia of dirt” telling the consumers everything they need to know about typical household dirt. . .



Explore the functions of the vacuum cleaner.



Particles vacuumed by Maximus are strongly filtered and retained by the HEPA filter. HEPA filter can capture harmful particles like pollen, mould spores, dust mites and allergens. By purifying the air leaving the vacuum cleaner, it reduces the risk of allergic reactions and offers a healthier home.



“Encyclopedia of dirt” tells everything about typical household dirt, such as “Perlus colors”.

Demos and videos show the features and functions of the vacuum cleaner.



Consumer Durables Europe

The market for appliances in Europe declined during the year and Group sales decreased. The Electrolux Built-In Kitchen has enabled the Group to benefit from growth in the segment for built-in appliances and Electrolux market share has increased.

Consumer Durables Europe's share of sales and operating income 2008



Operating income for appliances in Europe declined substantially as a result of weak market trends in several of the Group's most profitable markets and costs for personnel cut-backs.

Sales of floor-care products declined but operating income and margin improved substantially due to an improved produktmix.

Market

The European market for appliances amounted to approximately SEK 220 billion in 2008, of which Eastern Europe accounted for approximately 25%. The European market declined during the year as a result of economic conditions. Demand showed a significant decline in some important markets, such as Spain, Italy and the UK.

The market in Eastern Europe continued to grow during the three first quarters of 2008, but the market declined on a full year basis following a sharp decline in demand in the fourth quarter.

Over the last few years, growth has been strong in specific segments. One of them is built-in appliances. Due to the prevailing economic conditions, also this segment declined in 2008.

The European market comprises many countries, languages and cultures. In reality, Europe consists of a number of markets that show great differences in demand. Consequently, there is room for different producers, brands and retailers. Considerable

variations in consumer behavior and a low level of consolidation among producers have led to downward pressure on prices in recent years.

Retailers

The European market is dominated by many small, local and independent retail chains focused on electrical and electronic products as well as kitchen equipment. Strong organic growth for retailers in recent years has slowed down consolidation. Vacuum cleaners are sold through the same channels as appliances, as well as in supermarkets.

Kitchen specialists in Western Europe currently have a share amounting to approximately 25% of total market value. In Germany and Italy, such specialists have shares of approximately 40%.

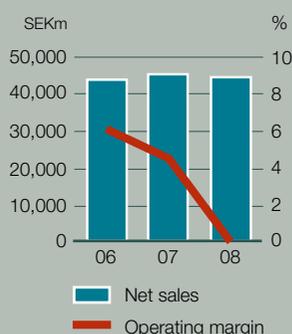
Sales on the Internet are increasing. Most retail chains offer Internet sales, while new players are appearing who sell only on the Web. An increasing number of showrooms where producers exhibit their product offers enable consumers to look at appliances before ordering on the Internet.

Electrolux position

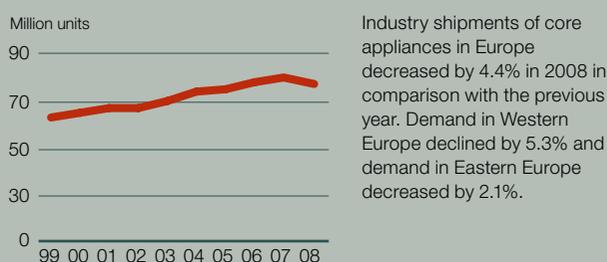
Electrolux has strong positions in appliances and vacuum cleaners throughout Europe. Eastern Europe accounts for approximately 24% of Group sales of appliances in Europe, and approximately 22% of vacuum cleaners. Due to the economic downturn in 2008, the Group has reduced its exposure to certain Eastern European retailers in financial difficulties.

Retail chains and buying groups account for the largest share of sales of Electrolux appliances in Europe, but the share sold through kitchen specialists is growing.

Net sales and operating margin



Shipments of core appliances in Europe, excl. Turkey



Industry shipments of core appliances in Europe decreased by 4.4% in 2008 in comparison with the previous year. Demand in Western Europe declined by 5.3% and demand in Eastern Europe decreased by 2.1%.

The washer Electrolux Calima features a fold-out heat mat for fast, effective drying of garments made of wool and other sensitive materials. It will be launched in Europe in early 2009.



55%

Approximately 55% of sales of appliances relates to replacement of old products.

100% of Electrolux vacuum cleaners are made in low-cost countries.

100%

In the spring of 2008, appliances in Europe rolled out its Green range marketing communications campaign. The goal was to profile the most energy-efficient products.



Market shares

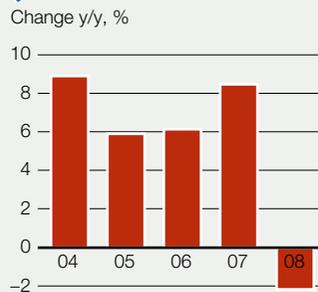
18% core appliances

14% floor-care products



The market in Eastern Europe has showed strong growth over the last few years. However, demand declined strongly in the fourth quarter of 2008.

Market growth in Eastern Europe, excl. Turkey



Markets and competitors

CORE APPLIANCES

Major markets

- UK
- Germany
- France
- Russia

Major competitors

- Bosch-Siemens
- Indesit
- Whirlpool

VACUUM CLEANERS

Major markets

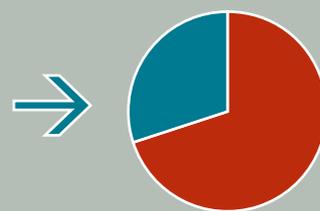
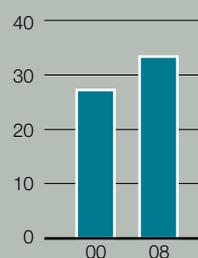
- France
- Germany
- UK

Major competitors

- Dyson
- Miele
- Bosch-Siemens

Estimated market volume for built-in segment in Europe

Million units



■ Built-in, 30% ■ Free-standing, 70%

Consumer Durables North America

The Group's strong position in appliances and vacuum cleaners in the US and Canada was reinforced in 2008 through a major launch of Electrolux-branded appliances in the premium segment.

Consumer Durables North America's share of sales and operating income 2008



Net sales for appliances in the US were in-line with the previous year, in comparable currencies despite lower volumes. Operating income declined as a result of higher costs for raw materials, costs related to the launch of Electrolux for appliances in the premium segment, and lower volumes.

Sales and operating income for vacuum cleaners declined due to lower market demand.

Market

In 2008, the market for core appliances in North America amounted to approximately USD 19 billion, corresponding to approximately SEK 155 billion. Demand declined substantially during the year as a result of economic uncertainty. Demand in the US has declined for ten quarters in a row. The largest decline in demand during the year was for appliances for new homes. Housing starts decreased, and renovations were postponed and consumers turned to lower priced products. Traditionally, the higher-price segments have been less affected by business cycles.

The North American market is more uniform than the European, which has led to a relatively high level of consolidation among both producers and retailers. Price increases during the year provided some compensation to producers for higher material costs. In light of the high transportation costs for appliances, Asian producers have relatively small market shares. Competition is more severe for vacuum cleaners.

The appliances sold in North America are often larger than those in the rest of the world. For example, side-by-side refrigerators are popular among North American consumers.

Retailers

Approximately 60% of all appliances in the US are sold through four large retailers; Lowe's, Sears, Home Depot and Best Buy. Sears and Home Depot also have strong positions in Canada. Vacuum cleaners are sold primarily through supermarkets. A large share of retail sales are driven by campaigns.

Kitchen specialists such as those in Europe have only a small share of the market. Kitchens are usually built by construction companies, which also purchase appliances. Appliance producers have often focused marketing on such companies, instead of on consumers. This situation is changing, and consumer interest in appliances with attractive homogenous design is growing, as in Europe.

Electrolux position

The Frigidaire brand has given the Group a strong position in the North American mass market. Since 2004, the Electrolux ICON™ brand has given Electrolux a limited presence in the exclusive super-premium segment. The major launch of Electrolux-branded products, which started in April 2008, has enabled positioning of the Group's products in the more profitable premium segment. These products have achieved good market acceptance among both retailers and consumers.

Electrolux opened its first vacuum-cleaner plant in the US as early as 1931. Today, most of the Group's vacuum cleaners are sold under the Eureka brand. However, following re-acquisition of the Electrolux brand in 2000, a number of launches of innovative Electrolux-branded vacuum cleaners have been implemented.

Net sales and operating margin



Shipments of core appliances in US



Industry shipments of core appliances in the US decreased by 9.9% in 2008 in comparison with 2007. Demand in the US has declined for ten quarters in a row.

The vacuum cleaner Envirovac consumes one-third less energy than its competitors, but is equally effective. Envirovac was launched in North America in 2008.



At year-end, the new Electrolux appliances in the US were sold at more than 4,000 retail-outlet floors.

4,000 floors

Approximately 40% of sales of appliances in North America relates to the profitable premium segment.

40%

In 2008, approximately 150 Electrolux-branded products were launched in the premium segment.

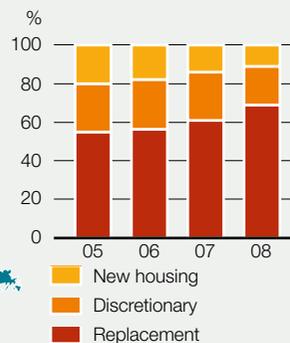


Market shares

- 23% core appliances
- 18% floor-care products



Replacement is taking share



As a result of the economic uncertainty, the number of housing starts decrease and renovations are postponed in the US. This has caused the sales pattern of appliances to change. The share of replacement has increased, while the shares of discretionary sales and sales in connection with new housing have decreased.

Retailers and competitors

CORE APPLIANCES

Major retailers

- Sears
- Lowe's
- Home Depot
- Best Buy

Major competitors

- Whirlpool
- General Electric

VACUUM CLEANERS

Major retailers

- Lowe's
- Sears
- Wal-Mart

Major competitors

- Hoover and Dirt Devil (TTI Group)
- Dyson
- Bissel

Estimated value segments on US market



During the second quarter of 2008, the Group launched a new product range under the Electrolux brand in the North American premium segment. The goal is to gain a long-term strong position in this profitable and fast-growing segment.

Consumer Durables Latin America

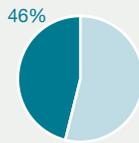
Brazil is the Group's main market in Latin America. Electrolux is the second largest producer of appliances in Brazil and the largest producer of vacuum cleaners. The Electrolux brand has a strong position in all segments. Growth in Brazil remained high, although at a slower rate than in 2007.

Consumer Durables Latin America's share of sales and operating income 2008

Share of sales



Share of operating income



Net sales rose by approximately 18% in 2008. Both operating income and margin improved considerably on the basis of higher sales volumes, a better customer mix, particularly in Brazil, and higher productivity in the Group's plants. Operating income for 2008 was the best ever for the Group's operations in Latin America.

Market

The Latin American market for appliances is estimated to have amounted to approximately SEK 65 billion in 2008. Brazil, Mexico and Argentina are the largest markets. In recent years, both Brazil and Latin America as a whole have shown strong economic growth, which has resulted in greater household purchasing power and a strong increase in demand for household appliances. The Brazilian market continued to grow in 2008, although at a lower rate. Demand in other markets in Latin America declined.

The Latin American market shows a relatively high level of consolidation. The three largest producers in Brazil account for approximately 80% of sales. Import duties are high, so that most of the products sold in Brazil are made within the country.

Retailers

Regional and local retailers are strongly consolidated. Sales are driven by campaigns to a great extent, as most purchasing decisions are made in shops where producers have their own sales personnel.

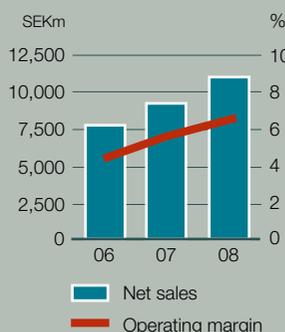
Electrolux position

The Brazilian market accounts for almost 80% of Electrolux sales in Latin America. Group sales in Brazil have grown rapidly in recent years on the basis of successful launches of innovative Electrolux-branded products. Electrolux is now the second largest producer of appliances in the country, and the Electrolux brand has a strong position in all segments. Electrolux cooperates closely with the leading retail chains in Brazil.

In other key markets, such as Mexico and Argentina, Electrolux sales are low but growing. The launch in 2008 of Electrolux-branded products from North America supported Electrolux position as a premium brand in the region. In 2008, Electrolux sales volumes in Latin America rose by approximately 16% and market shares increased within several product categories.

Electrolux vacuum cleaners are market leaders in Brazil, and have strong positions in other parts of Latin America. Two-thirds of the vacuum cleaners sold in Brazil in 2008 were Electrolux-branded.

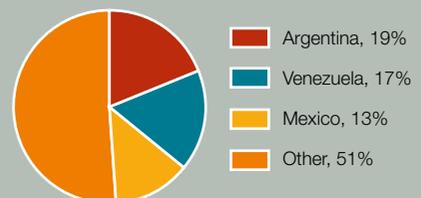
Net sales and operating margin



Net sales in Latin America, excl. Brazil



Electrolux total sales, incl. Consumer Durables and Professional Products.



The Electrolux Chef cooker was launched in 2008, in order to strengthen the position in the Brazilian medium-price segment. The cooker has an unusually large oven and is very easy to clean.



Brazil, Electrolux major market in the region, accounts for approximately 40% of GDP in Latin America.

40%

Since 2003, Electrolux sales of appliances in Brazil have increased by approximately 156% in local currency.

156%

In 2008, products that had been launched within the past three years accounted for approximately 70% of Electrolux sales in Brazil.



Market, retailers and competitors

CORE APPLIANCES

Major market

- Brazil

Major retailers

- Casas Bahia
- Ponto Frio
- Lojas Pernambucanas
- Magazine Luiza
- Grupo Insuante

Major competitors

- Whirlpool
- Bosch-Siemens
- Mabe
- Esmaltec

VACUUM CLEANERS

Major market

- Brazil

Major retailers

- Casas Bahia
- Wal-Mart

Major competitors

- SEB Group

Net sales in Latin America, 2004–2008



Electrolux sales in Latin America have improved substantially since 2004.

Consumer Durables Asia/Pacific

Electrolux is present in all countries in the Asia/Pacific region and has a leading position in Australia. The strong Electrolux brand in Southeast Asia is enabling a rapid rise in profitability as purchasing power in the region increases.

Consumer Durables Asia/Pacific and Rest of world's share of sales and operating income 2008



In Australia, sales volumes and market shares increased. Operating income and margin improved, primarily on the basis of implemented cost-saving programs and relocation of production to low-cost countries.

Operations in Southeast Asia showed strong growth in all markets during 2008, while operations in China continued to report a loss.

Market

The market for appliances in the Asia/Pacific region amounted to approximately SEK 275 billion in 2008. The Australian appliance market amounted to approximately SEK 13.5 billion. Market demand in Australia is estimated to have declined during the year, after a weak fourth quarter. Demand is driven primarily by innovations, requirements for saving energy, and design.

Emerging markets within the region continued to show strong growth, although the rate of increase was somewhat lower than in 2007. Growth in the emerging countries is mainly in the low-price segment and results primarily from an improved standard of living. The market for appliances in China, which is the second largest market in Asia, amounted to approximately SEK 46 billion in 2008.

There is no obvious market leader for appliances within the region. In China, the domestic company Haier is the largest producer, with a market share of approximately 25%, followed by a number of local and international producers with relatively small market shares. In Australia, Electrolux is the market leader. In Southeast Asia, price has traditionally been more important than

brand for a purchasing decision. The emerging middle class prefers European suppliers, but these still have small market shares.

Retailers

There are no region-wide dealers. However, there is a trend to greater consolidation of retailers within specific countries. In China, the market is dominated by two large domestic retail chains that specialize in electronics. Only a few of the international chains have a presence in China.

In Australia, five large retail chains account for approximately 90% of the market. In Southeast Asia, most appliances are sold in small local shops, but sales in department stores, hypermarkets and chains are well established in the cities.

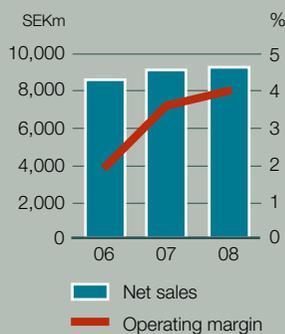
Electrolux position

Approximately 70% of Electrolux sales of appliances within the region are in Australia, where Electrolux is the market leader. The Electrolux brand is positioned in the high-price segment, while Westinghouse and Simpson, the Group's other brands, have strong positions in the medium-price segment. The Group's Kelvinator brand is used for air-conditioners and refrigerators. For further information on the Group's operation in Australia, see page 38.

The Electrolux brand has a very strong position in Southeast Asia, where it is associated with European quality. This position is now being used as a base for expanding operations into built-in kitchen products. The largest-ever launch of Electrolux products, including washing mashines, in the region started at year-end 2008. This launch was also the first to include built-in products that have been specifically developed to meet the needs of consumers in Asia.

In China, Electrolux focuses on the growing premium segment in the big cities, currently through the cooking and laundry product categories. Electrolux will exit the lower-end refrigerator category and a new platform will be developed to build a strong refrigerator position in the premium segment.

Net sales and operating margin



Shipments of core appliances in Australia



Demand for appliances in Australia 2008 is estimated to have declined in comparison with the previous year.

Electrolux has launched a new series of energy-efficient refrigerators in Australia and New Zealand. Electrolux-branded models commanded the 12 top ratings on the Australian Government's energy rating website for all two-door fridges/freezers.



38%

Electrolux sales in Vietnam increased by approximately 38% in 2008, compared to the previous year.

Since 2002, Electrolux value market share in vacuum cleaners in South Korea has gone from nil to almost 13% in 2008, reflecting a strong marketing strategy that has focused on, and founded, the premium segment.

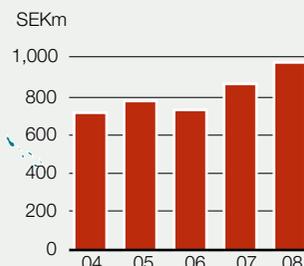
13%

In 2008, Electrolux launched a new range of built-in products in Southeast Asia. The launch is the biggest so far by Electrolux in the region.



Market shares in Australia
 35% core appliances
 20% floor-care products

Sales in Southeast Asia



Markets and competitors

Value market share of Electrolux-branded built-in products in Australia

CORE APPLIANCES

- Major markets**
- Australia
 - Southeast Asia
 - China

Major competitors

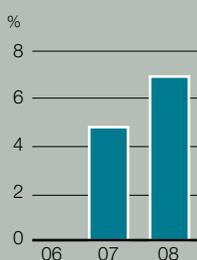
- Fischer & Paykel
- Samsung
- LG
- Haier

VACUUM CLEANERS

- Major markets**
- Australia
 - South Korea

Major competitors

- Samsung
- LG
- Dyson



In 2006, Electrolux-branded products for the profitable built-in segment were launched in Australia. At year-end 2008, the value market share was almost 7%. The Group also sells built-in products under the Westinghouse brand in Australia.

Professional Products

Electrolux is a leading global supplier of complete solutions for professional kitchens and laundries. The Group's high rate of innovation and widespread service network are important competitive advantages.

Innovation and design are increasingly important within Electrolux Professional Products. Approximately 3.5% of own product net sales in Professional Products is invested annually in product development in order to maintain a high rate of innovation and follow customer needs. The Group currently holds almost 500 patents for products for professional kitchens and laundries.

Widespread service network

The products sold to professional users are subject to a good deal of wear, and downtime is costly for users. Maintenance and service comprise a large share of the operation in this business area. Electrolux has an extensive, global service network, which is an important competitive advantage.

The expertise and knowledge that has been acquired within Professional Products and Consumer Durables is mutually beneficial. Consumers are inspired by visits to restaurants with open kitchens and want products with professional appearance for their own kitchens. Innovative product solutions developed within Professional Products are transferred to Consumer Durables.

Own production, fewer product platforms

Labor costs normally account for less than 10% of total costs for professional products. The products are often large and complex and the users expect support facilities to be near-by. This means that production facilities must be close to the end-user market, so competition from producers in low-price countries is limited.

Products made in-house have accounted for a growing share of Group sales in recent years. As in Consumer Durables, the number of product platforms within Professional Products is being reduced.

Professional food-service equipment

Trends

Buyers of professional kitchen equipment have widely varying requirements, which means that producers must be able to supply flexible solutions. End-users are focusing increasingly on criteria for hygiene and energy-efficiency, and on access to a widespread service network. The importance of design is increasing steadily, as in many restaurants the kitchen is on display for guests.

Market and retailers

The market for professional food-service equipment amounted to approximately SEK 125 billion in 2008. Market demand decreased in 2008, due to general uncertainties in the economy. Growth continued in Asia, but at a slower rate than in previous years.

Approximately half of all food-service equipment is sold in North America, where consumption of prepared food has a long tradition. The large restaurant chains are increasing their market shares in the US, and are also expanding rapidly in growth regions such as China and Eastern Europe. This offers substantial growth opportunities for producers of food-service equipment who sell to restaurant chains.

The market structure in Europe is dominated by small independent restaurants. It is half the size of the North American market. Producers are also more fragmented, and often specialize in a single product or sector. The on-going harmonization of laws and regulations within the EU favors large producers who can more easily adapt their operations to stricter criteria.

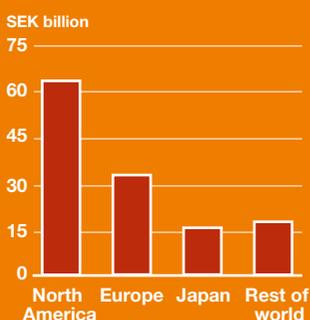
Electrolux position

Brands

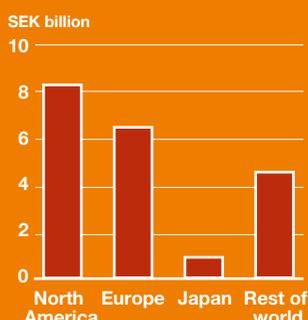
Electrolux products for professional food service are sold mainly under the Electrolux brand. Molteni is a niche brand for exclusive

Opportunities within professional products

Market value, food service



Market value, laundry



North America, Europe and Japan account for approximately 80% of the market for professional products. Historically, global growth has been approximately 2–3% annually, and mainly concentrated to growth regions. Total market value is approximately SEK 145 billion.



Electrolux Green & Clean dishwashers for professional users are labelled "Green Spirit". The dishwashers consume less water, energy and detergents than comparable products. Very low noise level improves the working environment.

cookers. The number of brands has been purposely reduced in recent years in line with Electrolux strategy for more efficient utilization of benefits of scale in production and marketing.

Products and market position

Most of Electrolux sales of food-service equipment are through dealers. In light of the complex customer structure, this strategy has proven to be more successful and cost-efficient than direct sales. Professional food-service equipment is sold to a great extent in the form of modules, and dealers help buyers to choose appropriate functions.

Electrolux supplies restaurants and industrial kitchens with complete solutions that comprise ovens, dishwashers, freezers, cookers and hoods. As these products are in use almost all around the clock, low energy consumption is an important sales argument. Electrolux has introduced the Green Spirit energy label for products with superior energy-efficiency relative to competing products.

In recent years, Electrolux has established close relations with the major fast-food chains in the US, in order to benefit from opportunities both within the US and in growth markets. The number of small establishments that serve hot food is increasing rapidly, and Electrolux has identified new opportunities within this segment.

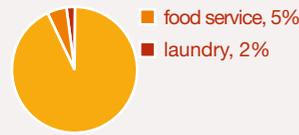
Professional laundry equipment

Trends

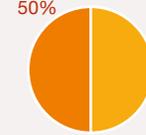
Professional laundry equipment is sold to specialized laundries such as those that serve hospitals and hotels, and for use by consumers in apartment-house laundry rooms and local laundries. However, requirements vary somewhat depending on the end-user. For example, specialized laundries demand solutions with high ergonomics that also reduce the risk of infection from soiled textiles. Laundry equipment for apartment-house laundry rooms or local laundries has to be so easy to use that no manuals are necessary. Irrespective of the type of end-user, buyers have strict requirements for innovations that enhance user-friendliness and reduce costs through lower consumption of energy and water.

Professional Products' share of sales and operating income 2008

Share of sales



Share of operating income



Net sales of food-service equipment increased on the basis of higher sales volumes and operating income improved significantly. Sales of laundry equipment declined but operating income improved on the basis of previous price increases and relocation of production.

Operating income in 2008 was one of the highest ever achieved for Professional Products.

Markets and retailers

The global market for professional laundry equipment amounted to approximately SEK 20 billion in 2008. Market demand declined during the year, with a significant drop in the fourth quarter.

The largest customer category comprises laundries serving hospitals, and apartment-house laundry rooms. The market for laundry equipment is not as fragmented as the food-service equipment market. The five largest producers have a global market share of approximately 50%. The share of direct sales is greater in professional laundry equipment than in food-service equipment, although there is a trend to increasing sales by dealers.

Electrolux position

Brands

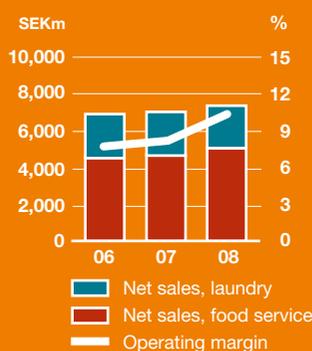
Professional laundry equipment is sold under the Electrolux brand, except in the US where the Wascomat brand is used by the distributor.

Products and market position

The Electrolux product offering includes washing machines, tumble-dryers and equipment for ironing.

In Europe, Asia and North America, dealers account for the largest share of sales of the Group's laundry equipment. Approximately 20% of all Group laundry equipment is sold in North America, and 70% in Europe.

Net sales and operating margin



Markets and competitors

FOOD-SERVICE EQUIPMENT

- Major markets**
- Italy
 - Scandinavia
 - France
 - Asia and Middle East

- Major competitors**
- ITW/Hobart
 - Manitowoc/Enodis
 - Middleby
 - Ali Group

LAUNDRY EQUIPMENT

- Major markets**
- US
 - Scandinavia
 - Japan

- Major competitors**
- Alliance
 - Miele
 - Girbau

An update of Electrolux Air-O-System was launched in 2008. The feature "Cook & Chill" enables food to be served when the customer so requires.



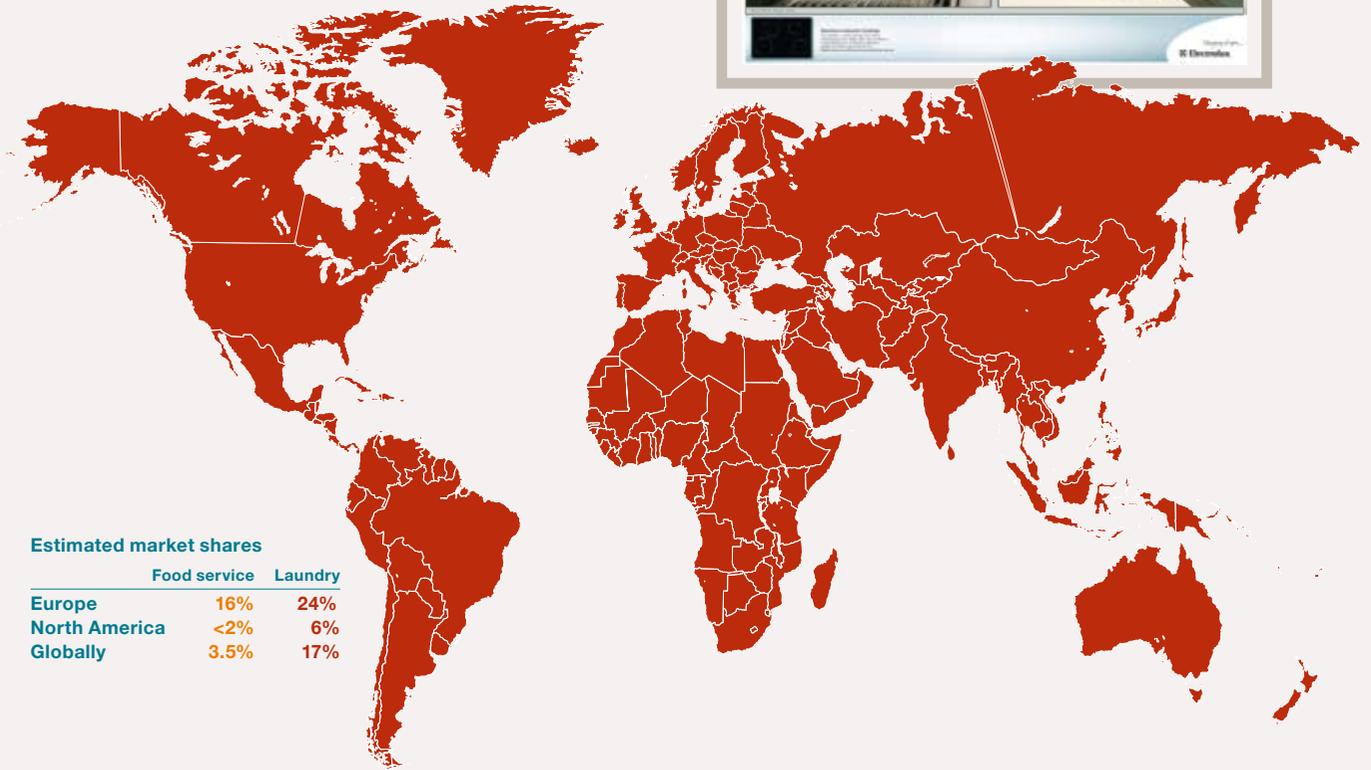
Professional washers from Electrolux annually wash 18 million tons of garments, linen and alike.

18 million

217,000
units

In 2008, Professional Products manufactured 217,000 own units.

In Australia, the campaign "Everything we learn here, we apply here" shows how Consumer Durables and Professional Products learn from each other.



In 2008, a comprehensive launch of approximately 150 Electrolux-branded appliances was implemented in the North American market. The goal is to achieve a substantial long-term position in the growing and profitable premium segment. The launch was the biggest ever for the Group in North America.

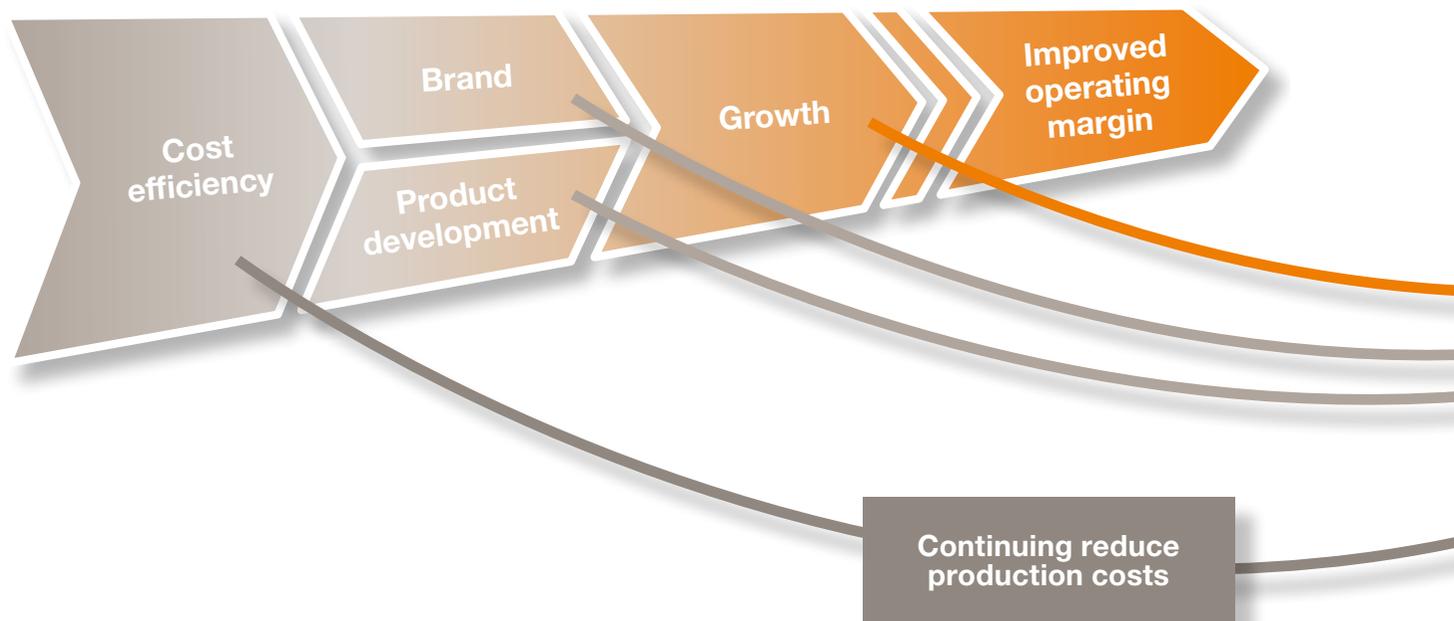




The Electrolux strategy

Electrolux continues to work intensively on improving profitability. On the basis of a competitive production system, among others, strong investments in new products for the high-price segments and a strong Electrolux brand will enable the Group to achieve the long-term goal of an operating margin of 6%.

The strategic model



Electrolux is an innovative, consumer-oriented company in which all product development grows out of insight into consumer needs. "Thinking of you" is the basic theme of all operations, from initial contact with a consumer to installation and service of sold products. Planning of marketing campaigns is integrated at an early phase of product development, and all activities are coordinated for maximum impact. This creates a uniform, powerful image of Electrolux across all product categories and markets.

The Electrolux product offering is improved continuously through identification of rapid growth segments, product categories, regions and sales channels. In the interest of creating long-term competitiveness, Electrolux is implementing a comprehensive program for savings in production and purchasing, which involves relocating production to and increasing purchases from low-cost countries.

“When demand picks up,
the key is to have the right structure,
the right products and
a competitive cost level.
This we have.”

Hans Stråberg
President and Chief Executive Officer
Stockholm, February 2009

**Strengthening position
in North America**

**Improving income
in Europe**

In accordance with the established strategy, Electrolux has implemented extensive changes within floor-care operations as well as operations in Latin America, Australia, Southeast Asia and Professional Products. A more efficient marketing organization has been established in Europe. Improved product offering in the US has enabled an estimated market share of about 5% in the profitable premium segment.

Electrolux strategy is the tool for achieving the long-term goal of an operating margin of 6%. Electrolux is, therefore, focusing first and foremost on:

- Continuing to reduce production costs, partly through relocating production to low-cost countries.
- Improving operating income in Europe through a better product mix and lower costs.
- Strengthening the position in the premium segment in North America.

The Electrolux strategy is presented on the following pages.

Product development based on consumer insight

Consumer insight is the basis of all product development within Electrolux. Identifying trends in various customer and consumer segments enables Electrolux to offer attractive products.

Products launched by Electrolux are developed on the basis of the Group's process for consumer-oriented product development. These products are targeted to a greater extent than previously on the higher price segments, which involves an improvement in the product mix.

Products for specific needs and segments

A large number of interviews with consumers and visits to their homes enables Electrolux to identify global social trends and needs to which new products can be tailored. Product development is not initiated until a consumer need, which the new product will satisfy, has been identified, and the consumer segment

has been targeted. Subsequently, Electrolux can offer products with appropriate features, attractive design and resource-efficient operation.

All kitchen and laundry appliances launched in North America by Electrolux in 2008 were developed through the Group's process for product development. These appliances are differentiated from existing products, as they offer completely new functions and thus position Electrolux as an innovative brand. They have been designed and developed on the basis of consumer insight and offer more options, savings in time, higher capacity, greater user-friendliness, and better performance than most other products on the market.



Identification of consumer opportunities

From the business opportunities that have been identified in the strategic plans, extensive consumer insights will be brought in through interviews, visits to households and discussions.

Primary development

In the primary lab, technical solutions are developed and tested in order to secure they meet consumer demand and satisfactory functioning.

Product development

The products are constructed and prepared for launch when specifications and design have been decided upon. Designers use computers to try different solutions and also work with realistic product models.

STRATEGIC
MARKET PLAN

IDENTIFICATION OF
CONSUMER OPPORTUNITIES

PRIMARY
DEVELOPMENT

CONCEPT
DEVELOPMENT

PRODUCT
DEVELOPMENT

COMMERCIAL
LAUNCH
PREPARATION

The Thoughtful Design Innovator.

Do you remember the last time you opened a gift that made you say, "Oh! How did you know? That's exactly what I wanted!" That's the kind of feeling that Electrolux seeks to evoke in everyone who chooses or uses one of our products. We devote time, knowledge, and a great deal of thought to anticipating and creating the kind of appliances that our customers really need and want.

This kind of thoughtful care means innovating with insight. Not design for the design's sake, but design for the user's sake. For us, thoughtful design means making appliances easier to use and tasks

more enjoyable to perform, freeing our customers to experience the ultimate 21st century luxury: Ease of mind. Our aim is to make this ease of mind more available to more people in more parts of their everyday lives, all over the world. The "Thinking of you" promise from Electrolux goes beyond meeting the needs of today's consumers. It also means we're committed to making appliances safe for the environment—now and for future generations.

Thinking of you



Commercial launch preparation

All market communication aims at creating a strong image of Electrolux, for all products and markets. Marketing plans are integrated at an early stage in the product development process and activities are coordinated to achieve best impact.



Launch execution

Sales argument and launch are planned in parallel with product development. In September, the launch of laundry products under the Electrolux brand for the North American market began with a grand customer event in Las Vegas, US.

Range management

Continuous updates prolong the life of a product. The vacuum cleaner Electrolux Ergorapido is an example of a product that year after year continues to sell well, thanks to improved functionality and new colours.

Phase-out

All Electrolux products are made for simple recycling.



LAUNCH EXECUTION

RANGE MANAGEMENT

PHASE-OUT

Focus is now moved forward in the process, to launch execution and range management to ensure consumers are familiar with Electrolux products.

The Electrolux brand is growing

In all regions, the Group is investing continuously in strengthening the Electrolux brand by launching innovative products in the higher price segments.

Since household appliances are not bought frequently, consumers have limited knowledge of what has been offered in the market since their last purchase. Therefore, a strong brand is an important sales argument. All Group communication is aimed at creating a powerful image of Electrolux irrespective of the product or the market.

Thoughtful design innovator

“Thinking of you” is the key message in Group market communications. It highlights the strong Electrolux focus on consumers, but the concept of thoughtfulness also refers to employees, suppliers, the environment and other stakeholders that are affected by Group operations.

The term “Thoughtful Design Innovator” reflects the importance that Electrolux gives to thoughtful design in the development of new products. The products feature design for greater utility, instead of design for its own sake.

Group-wide marketing activities are planned at an early stage in the product development process in order to best communicate the product’s functions and benefits. Marketing is coordinated globally and across product categories in the interest of greater efficiency and impact. Investments are targeted to countries with the greatest potential, and are focused on cost-efficient media channels such as PR and the Internet.

Strengthening the Electrolux brand

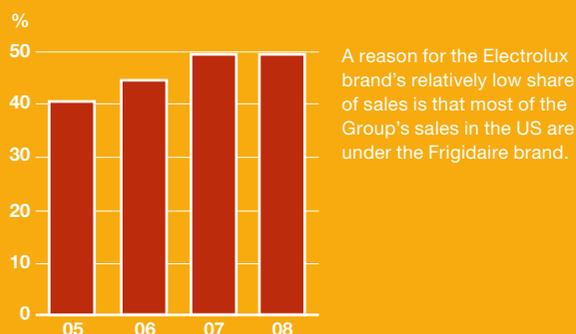
Electrolux is actively committed to increasing the share of products sold under the Electrolux brand. The brand is mainly positioned in the high-end of the segments for innovative products with attractive design, low consumption of energy and water and climate-smart functionality.

Since 2000, Group sales of Electrolux-branded products, including those that are double-branded, have risen from 18% to almost half of sales. Almost all Group appliances and vacuum cleaners in Latin America and in Southeast Asia are Electrolux-branded. In Europe, these products have a 56% share that is growing steadily. In North America and Australia, the share of Electrolux-branded products is increasing from a low level.

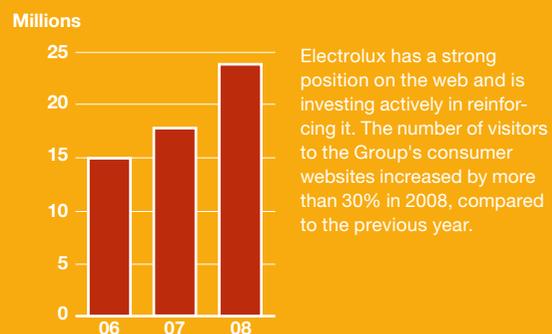
Largest ever product launch in Europe

The Group’s largest-ever product launch in Europe was implemented in 2007. It involved replacing about 40% of the Electrolux product offering in 36 countries with new built-in appliances featuring uniform design and innovative functions. The investment has supported the Electrolux product mix in the complex European market and has supported sales prices. The launch has also strengthened the Electrolux brand.

Electrolux brand’s share of total sales



Visitors to Electrolux consumer websites



Largest ever product launch in North America

For many years, the Group has maintained a strong position in the North American mass-market segment through the Frigidaire brand. In 2004, the Electrolux brand for appliances was launched through the exclusive Electrolux ICON™ series, which generated market awareness. In 2008, a comprehensive launch of Electrolux-branded appliances was implemented. The goal is to achieve a substantial long-term position in the growing premium segment, which shows considerably higher profitability than the mass market. The launch was the biggest ever for the Group in North America. Kitchen appliances were launched in April and laundry appliances in September.

The launch involved a massive marketing campaign that highlighted Electrolux experience in product development and European design. The ambassador for the Electrolux brand in all advertising, including TV and the web, was Kelly Ripa, a well-known TV personality in the US. She gave the launch wide publicity in American magazines and talk-shows. Her lifestyle corresponds with that of a major target group for Electrolux – women age 35–54, with many ongoing projects in their occupations and private lives.

The Internet played a key role in the launch. Approximately 25% of the marketing budget was devoted to the web, which was considerably more than in previous large Group launches. At www.electroluxappliances.com, consumers could take a closer look at product functions in an interactive environment. Visitors to the site could also participate in various contests.

At year-end 2008, approximately 150 kitchen and laundry appliances were available at more than 4,000 retailers throughout North America. The average sales price for an Electrolux-branded product is three times the price for a corresponding Frigidaire-branded product.



Greater investment in the Internet

The use of the Internet is constantly growing and most consumers now go online to do their research and obtain information for decisions about purchases of household appliances. A survey performed prior to the launch in the US showed that the target groups prefer to find information online before they visit retailers and purchase products.

Online tools and solutions will be increasingly more important for marketing and sales of Electrolux products. Electrolux has a strong position on the web and is investing actively to reinforce it, one example being the investments in North America. Out of consumers buying Electrolux products and researching online, a majority visits the Group's websites during the purchasing process. Consequently, Electrolux is building thoughtful online solutions that are stimulating, innovative and support the consumer throughout the purchasing process

Usage of the Internet is changing rapidly, and differs across age groups, regions and cultures. It is, therefore, vital for Electrolux to follow consumers and create an appropriate presence through social networks, portals and search engines, as well as through its consumer-oriented web sites.

Examples of Electrolux web activities in 2008 are given on pages 7, 9 and 11.



Electrolux – New brand for appliances in the US

Although Electrolux has been a strong brand for appliances in Europe for more than 70 years, it has been relatively unknown in the North American market. The launch of the exclusive Electrolux ICON™ series in 2004 was the Group's first step toward positioning the Electrolux brand for appliances in North America.

In 2008, the premium segment was targeted for a comprehensive launch of Electrolux-branded products. The marketing campaign highlighted Electrolux long experiences with appliances, and the Electrolux European design tradition. The brand ambassador was Kelly Ripa, a well-known TV personality. High-impact marketing of innovative products with outstanding design enabled Electrolux to increase brand awareness.

Innovative products and marketing



New front-loaded laundry appliances

Consumer insight has been the basis for the development of innovative Electrolux laundry appliances for the North American market. All the new washing machines and tumble-dryers are front-loaded. They feature greater capacity than most other competing machines and are energy-labeled with Energy Star.

The launch of these new products began with a major event for customers in September 2008, and included a special campaign on the Electrolux website. The appliances are manufactured at the new Electrolux facility in Juarez, Mexico.

“The perfect turkey” – a powerful sales argument

Interviews with American consumers in connection with development of new Electrolux products have shown that roasting the traditional Thanksgiving turkey seldom lives up to expectations in terms of the moisture of the meat. The new Electrolux ovens, therefore, feature a “Perfect turkey” button. A temperature probe and a convection system ensure that the turkey comes out perfect.

This function has been widely publicized in the media as a solution to a common problem among consumers.

Prize-winning vacuum cleaner

Electrolux Energica is an elegant stick that combines the suction power of a canister with substantially lower energy consumption. It is easy to use and store, and is available in five colors, with a bagless option.

Energica was launched in 2007 after having been developed from idea to mass production in record time. It is now sold in more than 20 markets worldwide.

The Electrolux Energica has received the iF Award 2008 for product design and the International RedDot Design Award 2008 for excellent design.



Design awards
 Electrolux products received several design awards during 2008 for combining cutting-edge design with functionality.



Integrated barbecue

Warm summers and mild winters give Australia the perfect climate for outdoor cooking. Growing interest among consumers for design and food preparation has generated increasingly greater expectations in terms of the functionality and appearance of outdoor cooking products. The Electrolux Integrated Barbecue features minimalist design based on Electrolux built-in appliances, and combines a discrete appearance with efficient functionality.

Induction hobs show rapid growth

An induction hob offers one of the fastest and most energy-efficient technologies for preparing food. Electrolux is a pioneer in the North American market, and introduced induction hobs several years ago as part of the Electrolux ICON™ series. The models launched under the Electrolux brand in 2008 received good market acceptance. Induction hobs are still not very common in North American households, but this segment is growing rapidly.

Support for cancer research

In connection with the launch of Electrolux in North America, Electrolux made a two-year commitment to raise more than USD 500,000 for the Ovarian Cancer Research Fund (OCFR). Ovarian cancer is the fifth most common type of cancer among women in the US, and involves a high mortality rate.

The risk of various forms of cancer is an important issue for Electrolux primary target group in North America, i.e., women between 35 and 54 years of age.

Growth areas

Achieving Electrolux goal for profitable growth requires a strengthened position in the higher price segments, expansion of operations in specific product categories, and higher sales in growth regions.

Although growth in the total market for household appliances is limited in terms of value, several clear and powerful trends are driving strong growth in specific product categories, regions and sales channels. Identifying these trends, will enable Electrolux to improve its product offering and thus create profitable growth.

Greater share in high-price segments

Growth in the market for household appliances is mainly in the low- and high-price segments. The Group's investment in product development and marketing is aimed partly at increasing the share of products sold in the high-price segments, which contributes to higher average prices and margins. Electrolux launches of innovative products in Europe and North America have strengthened the Group's positions in the high-price segments in these markets. The prices of new products launched in the US are on average three times higher than previous Group products in the American mass market.

Rapid expansion in growth regions

Electrolux will increase sales in growth regions such as Eastern Europe, Latin America and a large portion of Asia. The Group has a strong presence in these regions in terms of sales and production. In emerging markets, demand for modern appliances is showing

vigorous growth as disposable income increases and a middle class with strong purchasing power develops.

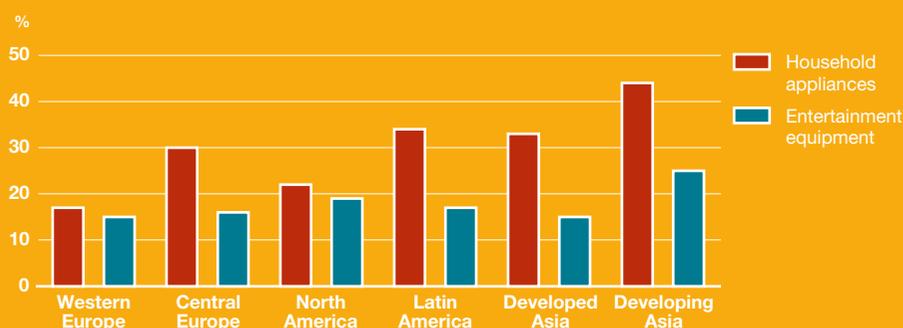
The Group's local presence in the form of production facilities and sales companies together with the wide experience of growth markets generates opportunities for continued expansion. For example, the strong position that Electrolux has achieved for front-loaded washing machines in Southeast Asia is the basis for expanding operations in terms of kitchen appliances.

New product categories are developing

Electrolux works continuously on identifying product categories with potential for rapid and profitable growth. The Group's long-standing reputation for a proactive approach to sustainability contributes to a successful launch of new products that consume less energy and water. Sales and profitability for products with the highest energy-efficiency – the Green range – are closely monitored and show a more profitable trend than Group products as a whole.

In addition, certain product segments show much higher growth than the corresponding product category in general. Over the last few years, sales of frost-free freezers and front-loaded washing machines have increased more than overall growth for freezers and washing machines.

Consumers prefer new household appliances over entertainment equipment



Consumer are more interested in new household appliances (30% globally) than new entertainment equipment (19%).
Source: GfK Roper Consulting, 2008.



The Group's product-development process can lead to growth in the market for a specific product as new functions are developed, as well as to the emergence of a completely new product category. Electrolux Ergorapido created the new category of cordless vacuum cleaners for lighter cleaning, and satisfied a need that exists in all markets. More than 2.8 million Ergorapido units have been sold to date.

Higher sales through kitchen suppliers

Kitchen specialists in Europe, Australia, the Middle East and Asia account for a growing share of the dealer network. Electrolux can increase sales through these channels on the basis of a strong, secure brand, good design and the ability to offer innovative pro-

ducts. The comprehensive launch of appliances in Europe in 2007 comprised a large share of built-in kitchen appliances, which contributed to reinforcing the Group's position within kitchen suppliers. Electrolux is a leading global producer of built-in products, which is an advantage as the major kitchen suppliers expand their operations.

Growth through complementary acquisitions

In addition to organic growth, there are opportunities for Electrolux to grow through acquisitions. Top priority is given to complementary technology, products and brands that can help Electrolux increase market shares in the high-price segments.

Growth potential in the premium segment

The premium segment in the North American market shows growth and high margins. Historically, it has also been the segment that recovers fastest after a recession. The substantial decline in sales of appliances in the US in recent years has stimulated interest among retailers for new products with attractive design and innovative functionality.

Retailers have also shown strong interest in new Electrolux-branded appliances, and the products are available on more retailer floors than

expected. A strong global brand such as Electrolux, with its European heritage, has priority among retailers when the economic situation makes consumer purchasing behavior more cautious.

Achieving a significant position in the North American premium segment is an important part of the Electrolux strategy for profitable growth.



Made by Electrolux

At the same time as production is being relocated to low-cost countries, the Group is implementing several programs designed to increase efficiency and quality in terms of products and production. A number of other activities are aimed at reducing the costs of materials.

The appliance industry is undergoing major changes. A large share of production has been moved to low-cost countries. Still, some plants will remain in high-cost countries due to economical reasoning, such as high transportation costs as well as strategic factors. The basic driver for the change is consumer demand for better products at lower prices.

Final phase of restructuring program

Electrolux is now in the final phase of the comprehensive restructuring program that was started in 2004. By the time it is completed in 2010, approximately 60% of the Group's appliances will be produced in low-cost countries, and savings will amount to approximately SEK 3 billion annually. More than half of production is currently in low-cost countries. All Group vacuum cleaners are already produced in low-cost countries.

Every decision to relocate production is preceded by careful analyses of a number of factors, including present and future labor-cost levels, transportation parameters, access to suppliers, and closeness to future growth markets. Such analyses have resulted in decisions on new production facilities in, e.g., Poland, Hungary, Mexico, China and Thailand. In 2008, Electrolux opened a large, new plant in Juarez, Mexico, for production of washing

machines and tumble-dryers for the North American market. This plant and the plant for refrigerators that was opened in 2006 in Juarez now employ about 2,700 people.

Program for more efficient production

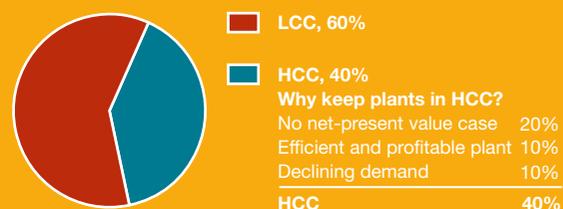
Since 2005, the Group has worked through the Electrolux Manufacturing System (EMS), a global program for increasing production efficiency. Based on a number of proven methods for improving production that were developed both externally and in-house, EMS has been implemented in virtually all Electrolux plants, with great success. Safety and the working environment have been improved, and so has product quality. The success of EMS has led to linkages with other major investments and projects within Electrolux, such as purchasing and product development.

Managed by Sustainability Affairs, energy-reduction targets are coordinated through EMS. To date, substantial CO₂ emissions reductions and cost savings have been achieved. The Group's over 50 factories are responsible for emitting 90% of direct CO₂ emissions. The goal is to reduce total energy consumption by 15% between 2005 and 2009. This will generate cost savings of approximately SEK 100m annually.

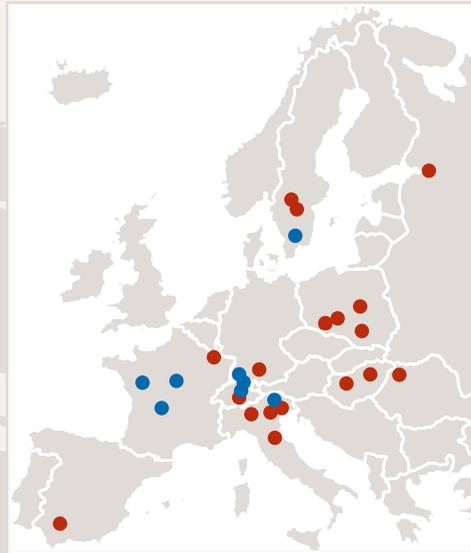
Restructuring, 2007–February 2009

Plant closures			Closed
Torsvik	Sweden	Compact appliances	Q1 2007
Nuremberg	Germany	Dishwashers, washing machines and dryers	Q1 2007
Adelaide	Australia	Dishwashers	Q2 2007
Fredericia	Denmark	Cookers	Q4 2007
Adelaide	Australia	Washing machines	Q1 2008
Spennymoor	UK	Cookers	Q4 2008
Authorized restructuring			Estimated closure
Changsha	China	Refrigerators	Q1 2009
Scandicci	Italy	Refrigerators	Q3 2009
New plants			
Juarez	Mexico	Washing machines	2007–2008

Electrolux manufacturing footprint by 2010



In 2010, approximately 60% of Electrolux plants will be in low-cost countries (LCC). The remaining 40% will be in high-cost countries (HCC) due to economical reasoning: Net-present value is negative for a transfer of production to LCC; The plant is efficient and profitable; Demand for the products manufactured is declining.



Electrolux manufacturing

- Professional Products
- Consumer Durables

Activities for reducing costs of materials

Materials is the largest cost within production, accounting for more than half of total costs. Electrolux has been able to make the complex flow of materials to plants more efficient.

A number of activities are in progress within the Group's purchasing functions in order to reduce material costs. Improved global coordination of purchasing and close cooperation with specific suppliers generate results. All Group purchasing decisions above a specific level are made by the Group's global purchasing council. Priority is also given to integrating purchasing

functions in an earlier stage of the product development process. Electrolux works closely with suppliers and requires them to comply with the Group's environmental policy and the Workplace Code of Conduct.

Electrolux is increasing the share of purchases from suppliers in low-cost countries in order to reduce costs. Relative to total purchasing, this share has increased from approximately 30% in 2004 to approximately 50% in 2008. It is expected to reach approximately 70%.

Improved quality with EMS

Maintaining high quality in the Electrolux products is a prerequisite for competing successfully in the premium segment for appliances in North America. The refrigerators and laundry appliances that have been launched there are manufactured in the Group's new plants in Mexico.

Like all Group plants, these facilities are included in the global efficiency program, known as the Electrolux Manufacturing System (EMS). EMS improves the quality of production, makes more efficient use of materials, and improves accuracy of delivery. Requests for service of the products launched to date are considerably lower than expected, which means lower total costs during the life-cycle of a product.



President and CEO Hans Stråberg at the inauguration of the new laundry plant in Juarez, Mexico.

Success in Australia

Electrolux has been selling vacuum cleaners in Australia since 1936. Following the acquisition of Email in 2001, the Group entered the appliance business with the Westinghouse, Simpson and Kelvinator brands, which were included in the transaction. A number of the acquired product categories were unprofitable, and production costs in the domestic plants were too high.

In order to strengthen the Group's position and improve profitability, Electrolux focused on:

- New products in the high-price segments
- The Electrolux brand
- Building the brand through marketing
- Restructuring and improvements in efficiency



New products in the high-price segments

In order to enter the more profitable high-price segments, the Group developed innovative, energy-efficient products of good design that are sold under the Electrolux brand.

The Electrolux E:line built-in cooking series has achieved accelerated market share growth in an important, profitable product category for the Group. The Electrolux brand has also been positioned in the rapidly growing segment for front-loaded washing machines.

Image-building products that have received extensive publicity include the Electrolux Jeppe Utzon barbecue (picture) and the Electrolux Illuminated Induction Cooktop, made of white corian and ceramic glass.

Focus on the Electrolux brand

As Electrolux has been selling vacuum cleaners in Australia for more than 70 years, many consumers associated the brand only with floor-care, and younger consumers perceived it as old-fashioned. But the brand had a good reputation and a strong, established position.

In order to strengthen the brand across the appliance market, marketing of Electrolux featured two main themes:

- Professional heritage - many of the best restaurants in Australia and around the world use professional equipment from Electrolux.
- Design - clean, modern, European design updates the brand image and creates emotional reason to buy for Australians, whose kitchens tend to be open plan, shared living spaces.

Exchange of experience with the professional operation was highlighted in consumer-oriented campaigns.



Market

The 20 million consumers in Australia live on a land mass roughly of the same size as the US. The majority of the very highly urban population lives in cities on the Eastern seaboard.

Demand is driven primarily by interest in design, innovations and brand. The shortage of fresh water has led both consumers and authorities to demand energy-efficient products with low water consumption.

Retail outlets are dominated by five large chains, and competition between Asian and European producers is harsh.

Electrolux brand ambassadors

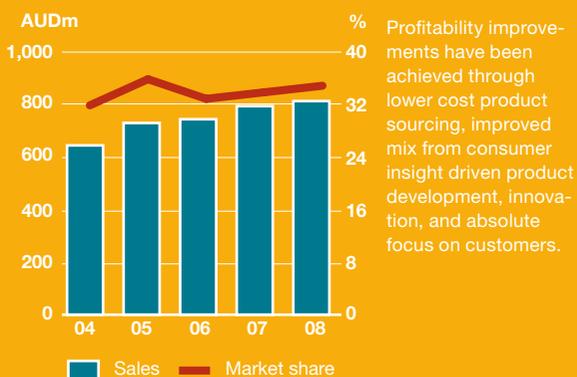
In the initial advertisements, Electrolux kitchen appliances were recommended by the renowned Australian chef Tetsuya, see page 23. Fashion designer Alex Perry (picture) and his creations were featured in the launch of the Electrolux Iron Aid condenser dryer. Alex Perry put Iron Aid to the test when he dried one of his most delicate fashion creations in this machine, and it came out in perfect condition. The launch gained significant media attention for the Electrolux brand in the fashion press and Internet blog sites, where Electrolux had never been mentioned before.

Television personality and renowned landscape designer Jamie Durie is the most recent Electrolux ambassador as he uses Electrolux outdoor cooking products to match his garden designs (picture to the left).

Presenting famous personalities as ambassadors in Electrolux campaigns generates credibility and gives the Group access to new media channels. A recent survey shows that these campaigns have generated a strong increase in the share of consumers who are considering purchase of Electrolux products.



Sales and market shares, appliances in Australia 2004–2008



Restructuring and improvements in efficiency

A review of the factories in Australia and New Zealand was started in 2004 in order to deal with the high production costs. In the interest of greater efficiency and coordination of production, four plants were closed and the components operation was divested. Part of production was relocated or outsourced to low-cost countries. Most components are now purchased in low-cost countries.

The efficiency of sales and marketing has also improved.

Improved profitability

The work to develop new products for the high price segments, focus on the Electrolux brand, brand-building marketing, lower product costs through restructuring and improvements in efficiency has been successful. Profitability for appliances in Australia has increased thanks to improved product mix and lower costs. The average sales value per unit has improved by 12.5% since 2004.

Delivering lasting value

With a sustainable business approach, Electrolux aims to increase trust among consumers, employees, investors and regulators. The Group's environmental and social performance and energy-efficient products help build strong relationships with retailers such as IKEA and Sears.

Sustainability is integrated into the Electrolux business strategy and operations. This creates opportunities for growth, cost reduction and brand-building.

To support the Group strategy, four main priorities for sustainability have been identified: sound business practices; response to the climate challenge; responsible sourcing; and restructuring.

Sound business practices

Companies with sound business practices, that are transparent and inspire trust, will emerge stronger out of current financial turbulence.

Electrolux emphasizes high standards of quality in products and company conduct. That is why the Group's governance structure is designed to safeguard high environmental, social and human rights standards wherever Electrolux does business. This helps the Group anticipate risks and opportunities and manage them transparently. Through training, monitoring and awareness-raising, these values are integrated into company culture.

Nurturing competence, equality and cultural diversity as well as ensuring safe and healthy workplaces are ongoing focus areas. Future initiatives include a coordinated program for ethics-related policies, including the Code of Ethics and the Policy on Countering Bribery and Corruption.

United Nations Global Compact

Electrolux is a participant in the United Nations Global Compact. The UNGC brings together companies, UN agencies, labor and civil society to promote ten principles in the areas of human rights, labor, the environment and anti-corruption. All Electrolux policies, including the Code of Ethics, Workplace Code of Conduct, Policy on Countering Corruption and Bribery and Environmental Policy are in line with these principles.



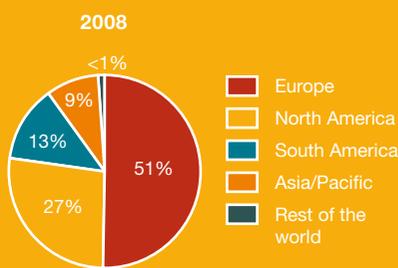
Climate challenge

Climate change is a global challenge, and Electrolux has a responsibility to get involved. Moreover, showing leadership in this area helps the Group to differentiate products as well as brand.

Electrolux has a three-pronged climate strategy. Firstly, the approach is product-led. Efficient products comprise the Group's greatest contribution to reduction of CO₂ emissions. Each business area is, therefore, promoting its own range of environmentally leading products.

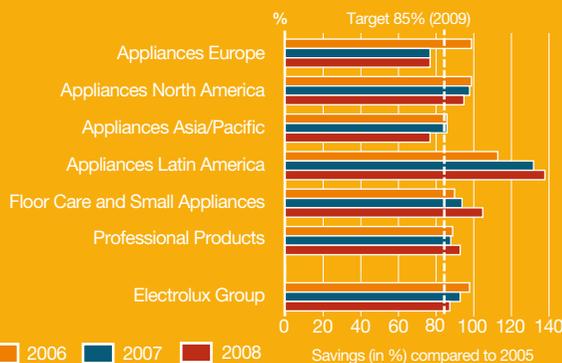
Secondly, the Group will cut its own energy consumption by 15% in factories and facilities by 2009. Energy use has declined by 12.5% from 2005 levels, which has reduced CO₂ emissions by 74,200 tons. A new target for 2012 will be defined.

Employees, by geographical areas (GRI LA1)



The ratio of employees between geographical areas has not changed significantly between 2007 and 2008. There were 55,200 employees in 2008. The corresponding number for 2007 was 56,900.

Group 2009 energy savings targets (GRI EN18)



The Group target to reduce energy consumption 15% by year-end 2009, compared to the 2005 level was almost accomplished already in 2008. Energy consumption has been reduced 12.5%, corresponding to a reduction of 74,200 tons of CO₂.

2008 data is based on 53 factories, 23 warehouses and 39 offices, compared to 52 factories, 17 warehouses and 25 offices in 2005.

Thirdly, the Group communicates the benefits of efficient appliances. Electrolux aims to expand the market for climate-smart products by influencing consumer purchasing through marketing and communications. With the right market conditions, the industry can do more. Electrolux is, therefore, calling on decision-makers to create financial incentives that increase demand of efficient appliances.

Responsible sourcing

Upholding high workplace and environmental standards within the Group's supply chain is essential. More than 3,800 companies supply Electrolux with products, components and services. Compliance to the Electrolux Code of Conduct and Environmental Policy is mandatory for all of these suppliers.

The goal of the Responsible Sourcing program is to build transparent business relationships and improve labor and environmental conditions. Suppliers are monitored by Group sustainability auditors based in Asia/Pacific, Eastern Europe and Latin America

as well as through external audits. The program applies a risk-based approach, with a focus on those regions that pose particular challenges because of poor enforcement of existing national labor and environmental protection laws.

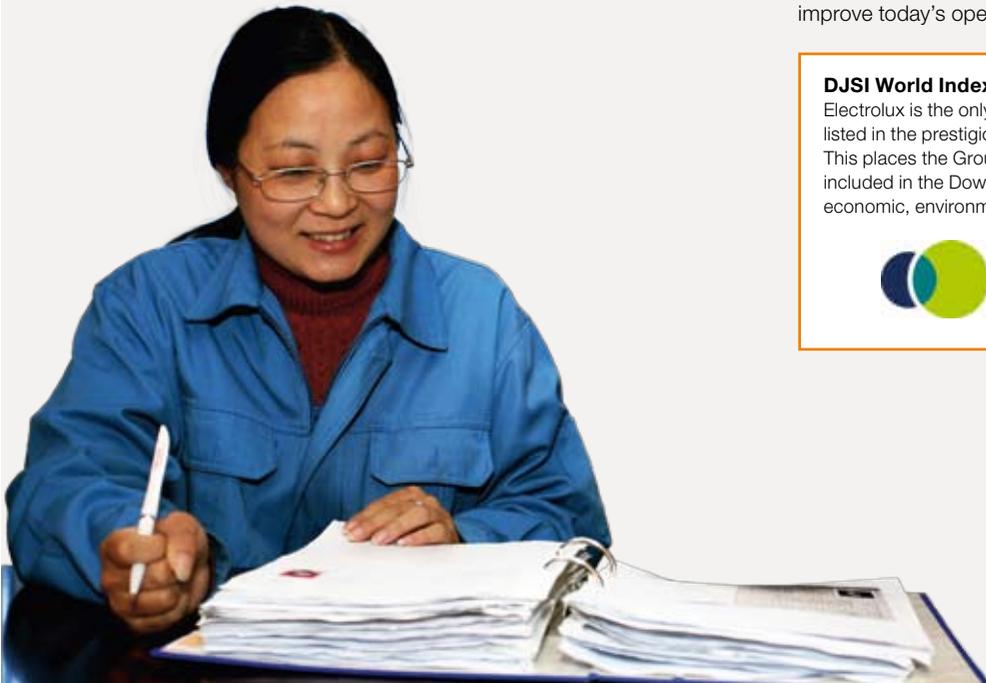
The program is expanding, audit tools are evolving and work conditions are improving amongst audited suppliers.

Restructuring

In order to maintain and enhance competitiveness, 60% of Group plants will be located in low-cost countries by 2010.

How responsibly the company manages the restructuring process that this involves, and its effects on communities and individuals, is linked to the Group's reputation. Through transparency, engagement and dialogue, Electrolux seeks a positive future for those involved.

Transfer of operations and technologies to emerging economies generates social and economic benefits for local communities. It also positions Electrolux in markets of the future and helps improve today's operating margins.

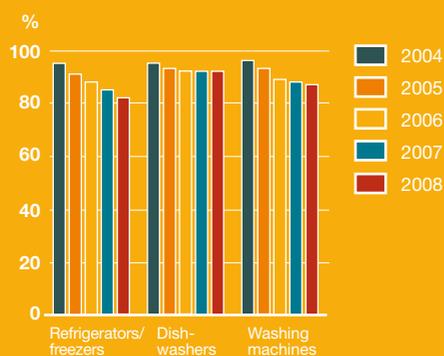


DJSI World Index

Electrolux is the only manufacturer of major household appliances listed in the prestigious Dow Jones Sustainability World Index. This places the Group within the top 10% of the 2,500 companies included in the Dow Jones Global Indexes with regard to long-term economic, environmental and social performance.



Fleet average



Reduction in energy consumption for products sold in Europe, with energy index set at 100% in the year 2003.

Responsible sourcing: Follow-up audit comparisons



Follow-up audits were carried out at 64 suppliers in China during 2008. Initial audits were completed in 2007 and early 2008. The outcome of the audits indicate insufficient improvements by suppliers. In addition, follow-up audits revealed additional findings. The results will be further analyzed to improve the efficiency of the program.

Green range

Electrolux is a global leader in development of innovative products with outstanding environmental performance. Under the Green range banner, each business sector is promoting a product offering that is water and energy-efficient, and features climate-smart functions.

Year on year, Electrolux has shown that products with outstanding environmental performance provide higher profit margins. Electrolux was the first in its industry to launch a complete climate-smart series of appliances in Europe.

Market acceptance exceeded expectations when the series was initially introduced in the Nordic region. This confirmed that consumer demand for innovative, more efficient products is growing. Electrolux has scheduled similar launches in other markets.

In the spring of 2008, Consumer Durables Europe rolled out its green range marketing communications campaign, highlighting environmental parameters such as improved energy and water efficiency, reduced noise levels and greater use of recycled materials. Beyond low energy consumption at standby mode and delayed start, products also feature other climate-smart functionality.

43%

European roll-out

Electrolux is the only appliance manufacturer in Europe with an entire range dedicated to environmental performance. The green range launch is one of the Group's most ambitious Europe-wide marketing campaigns to date. The goal is to profile energy-efficient, environmentally-sound and iconic products.

In 2008, the Green range share of net sales in the Nordic region has increased 43%.



25%
LESS ENERGY¹⁾



65%
LESS ENERGY¹⁾



35%
LESS ENERGY¹⁾

Raising the bar

From Europe to Asia/Pacific, each business area is defining and promoting its own range of water and energy-efficient appliances and vacuum cleaners. Electrolux raises the bar annually. In 2008, 20% of the most environmentally leading household appliances qualified for the range. The series is based on environmental parameters defined by the Group.

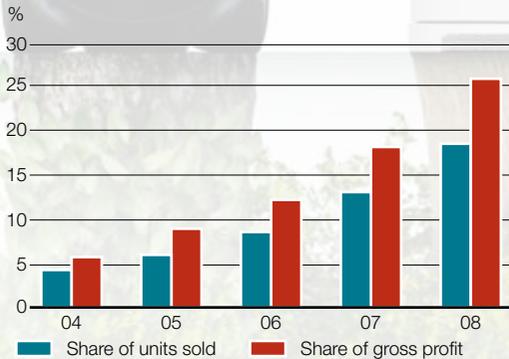
20%

Green Spirit for professionals

The Electrolux Green Spirit range offers best-in-class environmental performance to professional users. These appliances meet end-user demands for more efficient use of energy, gas and water, as well as lower consumption of detergents in dishwashers. More than 95% of the materials in these products are recyclable. Products include refrigerators, ovens, dishwashers and cookers. They comply with one or more international environmental standard such as ECA, Gastec, EIA and Energy Star. The Green Spirit range was launched in cooperation with WWF Italy and Electrolux supports WWF Italy projects.

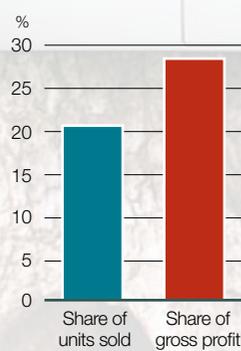


Green range for Major Appliances Europe



Over the past ten years, Electrolux has reported the sales of the most energy-efficient products in Europe and how they contribute to profits. In 2008, these products accounted for 18% of units sold and 26% of gross profit.

Global Green range for Major Appliances



As of 2008, all major appliances sectors report on sales and profitability of their green range. Today, products with outstanding environmental performance represent 20% of Electrolux total sales volume, yet generate 28% of gross profit.

1) Than 10-15 year old average equivalent products.
2) Than standard 2000W vacuum cleaners.

People Vision

Electrolux People Vision

The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive change and go beyond in delivering on the Group's strategy and performance objectives.

In 2008, the Group formulated the Electrolux People Vision. The goal of the vision is to create an innovative corporate culture in which the experience of the Group's personnel is utilized, and to give employees with diverse backgrounds the opportunity to maximize their personal development. Implementation of the vision throughout the Group has begun.

Diversity among personnel and a working climate that rewards creative thinking are vital factors in the Group's corporate culture. An innovative corporate culture and personnel with diverse backgrounds create a framework for developing innovative products, and for enabling personnel to develop in their daily work, identify new working methods, solve problems and achieve performance that surpasses expectations.

The Group's ability to compete in the global market is dependent on diversity. Personnel with differing backgrounds contribute to greater understanding of consumer needs in different countries. Electrolux has a number of tools for personnel and managers, designed to contribute to the realization of the People Vision:

- Talent Management; Succession planning
- OLM, an internal database for vacant positions
- EAS, a web-based survey for employees
- Leadership development at all levels of management

Talent Management ensures competence

The Talent Review Process is designed to ensure identification and utilization of internal talent and to fulfill requirements for competence, both short- and long-term. This includes evaluating managers and specialists on an annual basis. In 2008, approximately 3,500 managers and specialists participated in the review process, a greater number than ever before.

Succession planning is a vital component

Succession planning is a vital component of Talent Management.

The Talent Review Process enables identification and utilization of internal talent, as well as preparation for new challenges.

OLM increases internal recruitment

The company and its personnel share responsibility for each individual's development and career. Electrolux encourages internal mobility across Group workplaces throughout the world and between specific operational areas in order to enhance competence, create new ideas and develop future managers.

The most important tool for increasing internal mobility is the Group's Open Labor Market (OLM), a database that stores all vacant white-collar positions. The numbers of advertized vacancies and applicants in OLM have shown a strong increase.

EAS reflects integration of the People Vision

The Employee Attitude Survey (EAS) is a web-based tool which gives personnel throughout the Group an opportunity every year to submit their perceptions of Electrolux as a company as well as suggestions for improvements that can help to realize the vision.

Leadership development ensures consistent approach

Electrolux maintains a number of Group-wide leadership programs that contribute to a consistent approach to leadership, irrespective of cultural differences. In 2009, a new leadership program will be launched for the 200 senior managers within the Group. The goal is to steadily accelerate implementation of the Group's strategy, and to reinforce the perception of Electrolux as a cohesive, global company.

Electrolux Design Lab 2008

Since the start in 2000, Electrolux Design Lab has received thousands of entries from students in more than 100 countries.

The sixth annual Electrolux Design Lab competition was held in 2008. Students of design throughout the world were given the challenge of designing the Internet-generation's future household appliances. The designs had to be capable of entering production in 2-3 years. More than 600 contributions from 49 countries were received.

The publicity given to the competition in the media has not only strengthened the Electrolux brand, but has also created a perception among

many talented students that Electrolux is an innovative and responsible company to work for.

The winner of the 2008 competition was the Flatshare concept, created by the Austrian design student Stefan Buchberger. Flatshare is a refrigerator comprised of several stackable elements, intended for people who share living space with each other, e.g., students with separate rooms and a common kitchen. Like all previous winners, Stefan Buchberger received not only the honor of being a winner, but also a six-month traineeship in one of the Group's design departments.



Remuneration to Senior Management

Below Remuneration Committee Chairman Barbara Milian Thoralfsson reports on the company's approach to remuneration for senior management.

We have a clear remuneration strategy based on principles that both align with shareholder interests and engage a talented and multinational senior management group – particularly important during these times of economic turmoil. Key is that we seek to establish competitive total remuneration within relevant markets, normally the country or region where our executives are employed. In addition, a relatively large portion of that total remuneration is variable, reflecting our “pay for performance” principle.

Short-term variable remuneration for 2008 was generally very limited. While a few business units achieved good results for the year, most were badly affected by the downturn in demand on our major markets. Similarly, the long-term share-program for the three-year period ending in December 2008 is not going to pay out, having failed to achieve the minimum targets we set at the start of the performance period. The share-program ending in December 2007, did however achieve good results reflecting solid performance in 2006 and 2007. The awards under this plan were made early in 2008 and now have a required two-year holding period. Further detail on actual pay and share awards is set out in Note 22 and Note 27 in the second part of the Annual Report.

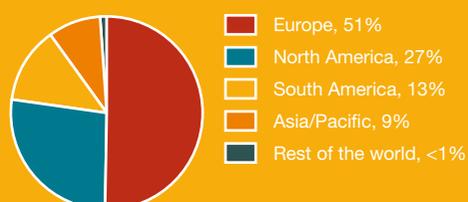
During 2008 we conducted a major review of our total remuneration approach with special focus on our long-term element. With over 150 executives in our senior group, made up of 19 different nationalities spread across 20 countries, we wanted to be

sure that our approach was in fact meeting our objectives – aligning with shareholder interests and engaging our executives. Results of the review were encouraging. Our total remuneration is very competitive in most markets and is viewed positively by our executives. The long-term plan is valued by executives and competitively important, with limited cost and dilution. Therefore, in our proposal to the AGM, we recommend that the total remuneration structure comprising a fixed salary, a short-term variable component and a long-term share-related incentive plan remain unchanged for 2009.

Fixed salaries will be frozen for 2009, reflecting the difficult market situation. As normal, we have set targets for both the short-term and long-term variable plans starting this year. For the short-term, these are mainly focused on financial goals including operating margin and operating cash flow. For the long-term we will again focus on average annual growth in earnings per share over the three-year performance period. These are, of course, anything but normal times, and we will monitor the plans to ensure targets remain challenging yet realistic.

We are confident that our overall approach to, and management of, total remuneration will serve in shareholders best interests as well as engage our talented and committed executive team in what is a very demanding market.

Employees, by geographical areas



Gender distribution

Group-wide

	2008	2007	2006
Women	36%	35%	35%
Men	64%	65%	65%

Senior managers

	2008	2007	2006
Women	13%	12%	9%
Men	87%	88%	91%

Group Management

	2008	2007	2006
Women	27%	27%	11%
Men	73%	73%	89%

Board of Directors

	2008	2007	2006
Women	33%	33%	43%
Men	67%	67%	57%

Financial review

2008 in brief

This is a short description of Electrolux financial performance in 2008. For a thorough review of the 2008 results, see Board of Directors Report on page 5 in part 2, of the Annual Report.

Key data

SEKm	2008	Change	2007
Net sales	104,792	0%	104,732
Operating income	1,188	-73%	4,475
Margin, %	1.1		4.3
Income after financial items	653	-84%	4,035
Income for the period	366	-87%	2,925
Earnings per share, SEK ¹⁾	1.29		10.41
Dividend per share, SEK	0 ²⁾		4.25
Cash flow from operations and investments	1,194	-6%	1,277
Average number of employees	55,177	-1,721	56,898

Excluding items affecting comparability

Items affecting comparability	-355	-2%	-362
Operating income	1,543	-68%	4,837
Margin, %	1.5		4.6
Income after financial items	1,008	-77%	4,397
Income for the period	656	-80%	3,276
Earnings per share, SEK ¹⁾	2.32		11.66

1) Basic.

2) The Board of Directors proposes that no dividend will be paid for 2008.

Downturn in the market

Most of Electrolux main markets for appliances showed a decline in 2008. The North American market declined by 10% and the European market by 4%.

Sales in line with the previous year

Net sales for the Electrolux Group in 2008 was in line with the previous year and amounted to SEK 104,792m. This corresponded to a decline by 0.9% in comparable currencies.

Operating income decreased

Operating income for 2008 decreased to SEK 1,188m (4,475). Operating income was strongly affected by the sharp decline in demand by the end of the year and the cost-reduction measures that were introduced to reduce the number of employees. The launch of Electrolux as a major appliances brand in North America and other non-recurring items also affected the results, see table below. Operating income for appliances in Europe and North America deteriorated significantly while operating income for the other operations showed improvements. Operations in Latin-america and Professional Products showed record results and the profitability for floor-care products and appliances in Asia/Pacific improved.

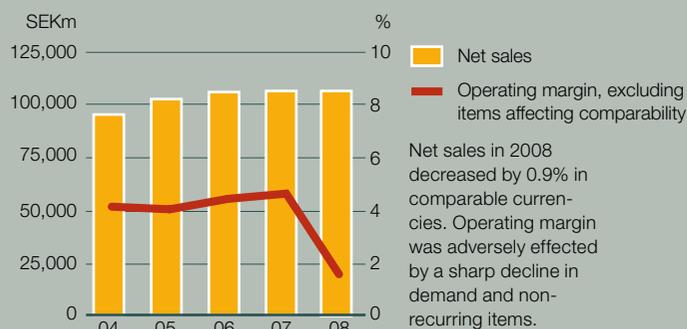
Impact of cost-reduction measures, the Electrolux US launch and non-recurring items

SEKm, approximately	2008
Cost-reduction measures due to sharp decline in demand	-1,045
Net impact of the Electrolux launch, appliances North America	-470
Cost-cutting program, appliances Europe	-360
Cost for a component problem for dishwashers, appliances Europe	-120
Capital gain, real estate, appliances Europe	130
Cost for litigation, appliances North America	-80
Total	-1,945

Items affecting comparability

In addition to the items described above, operating income in 2008 includes costs for plant closures related to the restructuring program initiated in 2004. These costs, amounting to SEK -355m (-362), are reported as items affecting comparability within operating income. Excluding items affecting comparability, operating income amounted to SEK 1,543m (4,837).

Net sales and operating margin



Net sales and employees

10 largest countries	SEKm	Employees
USA	28,610	10,046
Brazil	8,416	6,773
Germany	7,392	2,141
Italy	4,979	7,515
France	4,942	1,386
Australia	4,462	1,756
Canada	4,427	1,352
UK	3,782	891
Sweden	3,559	2,865
Spain	2,718	838
Other	31,505	19,615
Total	104,792	55,177

Excluding items affecting comparability and non-recurring items described in the table on the previous page, operating income for 2008 amounted to approximately SEK 3,500m.

Market overview

Most of Electrolux main markets for appliances showed a decline in the fourth quarter of 2008. The North American market has declined for ten consecutive quarters. Since 2005, when industry shipments of appliances in the US market had its peak level, core appliances has declined by 16%. In the fourth quarter of 2008, industry shipments in the US declined by 14%. The European market has been falling for five consecutive quarters, with Eastern Europe showing a dramatic downturn in the fourth quarter, declining by 15%. Demand in Western Europe declined by 8% in the fourth quarter. The total European market has declined since 2007 by 4%. After a long period of strong growth, the Latin American market for appliances decreased in the fourth quarter of 2008.

There are no indications of an immediate improvement in any of the Group's main markets, and, therefore, market demand for appliances around the world is expected to decline further in 2009.

As there is a great uncertainty of the degree of decline, it is currently very difficult to forecast Electrolux earnings for 2009. Consequently, Electrolux will not give an outlook for operating income for 2009.

Launch of premium products in the US

In April 2008, Electrolux was introduced as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment, which shows considerably higher profitability than the mass-market segment where the Group holds a strong position today. The new products received good market acceptance, and the Group

gained market share in the premium segment. This market share is estimated at approximately 5%.

The launch had a negative impact on operating income for 2008 in the amount of SEK -470m, as it initially included a considerable investment in marketing.

Consolidated income statement

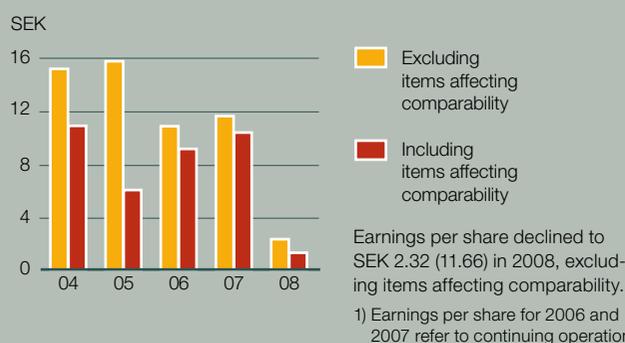
SEKm	2008	2007
Net sales	104,792	104,732
Cost of goods sold	-86,795	-85,466
Gross operating income	17,997	19,266
Selling expenses	-11,788	-10,219
Administrative expenses	-4,839	-4,417
Other operating income/expenses	173	207
Items affecting comparability	-355	-362
Operating income	1,188	4,475
Margin, %	1.1	4.3
Financial items, net	-535	-440
Income after financial items	653	4,035
Margin, %	0.6	3.9
Taxes	-287	-1,110
Income for the period	366	2,925
Attributable to:		
Equity holders of the Parent Company	366	2,925
Minority interests in income for the period	-	-
Total	366	2,925

Cost-saving activities and restructuring

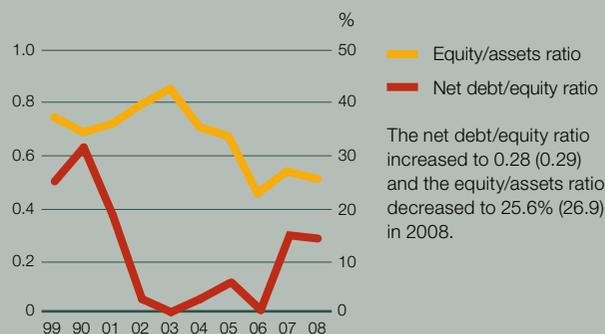
Electrolux has throughout 2008 introduced a number of cost-saving activities, including reduction of the number of employees. In light of the sharp market decline in the second half of November and in December, it was decided to reduce the number of employees by more than 3,000 in the fourth quarter of 2008 and in 2009. All operations on a global basis are affected.

The costs for these actions, approximately SEK 1.0 billion, were charged against operating income before items affecting compa-

Earnings per share¹⁾



Net debt/equity and equity/assets ratios



rability in the fourth quarter of 2008, see table below. The savings are expected to amount to approximately SEK 1.1 billion on a yearly basis, with full effect as of 2010.

Cost-saving program in the fourth quarter of 2008

SEKm, approximately	Reduction, number of employees	Charge
Consumer Durables, Europe	1,000	800
Consumer Durables, North America	700	45
Consumer Durables, Latin America	500	10
Consumer Durables, Asia/Pacific and Rest of world	630	110
Professional Products	230	40
Group staff	60	40
Total	3,120	1,045

The costs for the actions above were charged to operating income in 2008. This had an adverse effect on operating income for each business area and particularly for Consumer Durables, Europe.

Consumer Durables, Europe

Group sales and operating income 2008 declined substantially as a result of the weak trends in several of the Group's most profitable markets in Europe. Demand declined in major markets, such as Italy, the UK and the Nordic region.

Lower volumes and temporary shutdowns of production to adjust inventories to lower demand, a less favorable product mix, and costs related to restructuring had an adverse effect on operating income.

Demand for vacuum cleaners in Europe during 2008 was lower than in 2007. Group sales declined as a result of lower sales volumes. Operating income and margin improved substantially on the basis of an improved product mix.

Consumer Durables, North America

On the basis of price increases and an improved product mix, Group sales of appliances in North America, in comparable currencies, were on a level with the previous year, despite lower sales volumes. Sales volumes declined on the basis of weak demand in the market. Operating income was lower as a result of higher costs for raw materials, costs related to the launch of Electrolux for appliances in the premium segment, lower volumes and temporary

shutdowns of production to adjust inventories to lower demand.

Market demand for vacuum cleaners in the US showed a steep decline in 2008. Operating income and margin declined.

Consumer Durables, Latin America

The Group's sales volumes in Latin America showed strong growth for the full year 2008, rising by approximately 16%, and market shares increased within several product categories. Electrolux sales in Latin America rose by approximately 18%. Both operating income and margin improved considerably on the basis of higher sales volumes, a better customer mix, particularly in Brazil, and higher productivity in the Group's plants. Operating income for 2008 was the best ever for the Group's operation in Latin America.

Consumer Durables, Asia/Pacific

The Group's sales volumes and market shares increased. Operating income and margin in Australia improved, primarily on the basis of implemented cost-saving programs and relocation of production to low-cost countries.

Operations in Southeast Asia showed strong growth in all markets during 2008. The rate of growth declined somewhat during the fourth quarter. Electrolux gained market shares across the region and continued to show good profitability.

Market statistics for appliances in China indicate a growth in 2008, in comparison with 2007. Market demand increased, primarily in the low-price segment, where the Group has reduced its presence. The operation in China continues to report a loss.

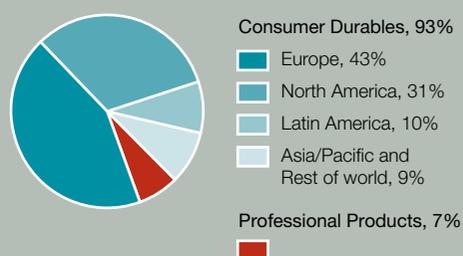
Professional Products

Sales of food-service equipment in 2008 increased on the basis of higher sales volumes. Electrolux gained market share in several key markets. Operating income improved substantially.

Sales of laundry equipment declined somewhat in 2008 compared to 2007, as a result of lower sales volumes. Operating income improved substantially, mainly on the basis of previous price increases, lower administration costs and the effects of relocating production to Thailand.

Operating income for Professional Products in 2008 was one of the highest ever achieved.

Net sales by business area



Operating income by business area

SEKm	2008	2007
Consumer Durables, Europe	-22	2,067
Margin, %	0.0	4.5
Consumer Durables, North America	222	1,711
Margin, %	0.7	5.1
Consumer Durables, Latin America	715	514
Margin, %	6.5	5.6
Consumer Durables, Asia/Pacific and Rest of world	369	330
Margin, %	4.0	3.6
Professional Products	774	584
Margin, %	10.4	8.2
Common Group costs, etc.	-515	-369
Operating income, excluding items affecting comparability	1,543	4,837
Margin, %	1.5	4.6

Financial position

The Group has prioritized efforts to maintain a strong balance sheet. In spite of the weak result, the cash flow from operations and investments was at the same level as in the previous year, amounting to SEK 1 194m (1 277). By the end of the year, inventories were reduced through extensive production shutdowns.

Working capital and net assets

SEKm	Dec. 31, 2008	% of annual- ized net sales	Dec. 31, 2007	% of annual- ized net sales
Inventories	12,680	11.0	12,398	11.1
Trade receivables	20,734	17.9	20,379	18.3
Accounts payable	-15,681	-13.6	-14,788	-13.3
Provisions	-13,529		-11,382	
Prepaid and accrued income and expenses	-7,263		-6,445	
Taxes and other assets and liabilities	-2,072		-2,291	
Working capital	-5,131	-4.4	-2,129	-1.9
Property, plant and equipment	17,035		15,205	
Goodwill	2,095		2,024	
Other non-current assets	4,602		4,437	
Deferred tax assets and liabilities	2,340		1,206	
Net assets	20,941	18.1	20,743	18.6
Average net assets	20,538	19.6	20,644	19.7

Net borrowings

During 2008, SEK 2,923m of the long-term borrowings matured and SEK 5,289m of new long-term borrowings were raised. The maturity profile of the Group's borrowings has improved substantially.

Net borrowings

SEKm	Dec. 31, 2008	Dec. 31, 2007
Borrowings	13,946	11,163
Liquid funds	9,390	6,460
Net borrowings	4,556	4,703
Net debt/equity ratio	0.28	0.29
Equity	16,385	16,040
Equity per share, SEK	57.78	56.95
Return on equity, %	2.4	20.3

During 2009 and 2010, long-term borrowings in the amount of SEK 1,979m will mature. Liquid funds as of December 31, 2008, excluding a committed unused revolving credit facility of EUR 500m amounted to SEK 9,390m.

Ownership structure

Investor AB is the largest shareholder, with approximately 12.7% of the share capital and approximately 28.8% of the voting rights.

At year-end 2008, about 57% of the total share capital was owned by Swedish institutions and mutual funds, about 34% by foreign investors, and about 9% by private Swedish investors.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	12.7	28.8
Capital Group Funds	9.2	7.2
Alecta Pension Insurance	5.6	5.6
Swedbank Robur Funds	4.2	3.3
Second Swedish National Pension Fund	2.8	2.2
Barclays Funds	2.1	1.7
Fourth Swedish National Pension Fund	1.9	1.5
SEB Funds	1.8	1.4
Didner & Gerge Mutual Fund	1.6	1.3
AFA Insurance	1.3	1.0
Total, ten largest shareholders	43.2	54.0

Source: SIS Ågarservice as of December 31, 2008 and Electrolux. The figures have been rounded off.

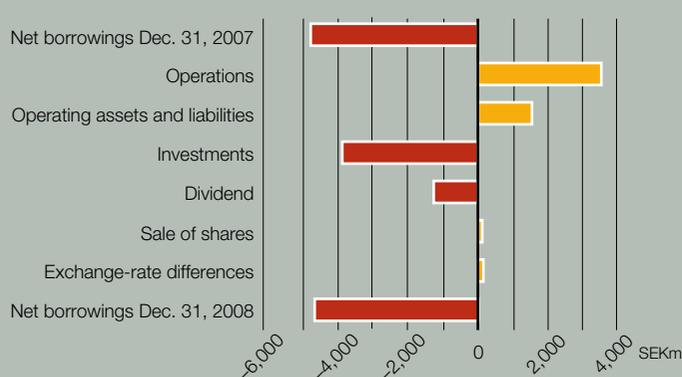
Proposed dividend

The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability. Historically, the Electrolux dividend rate has been considerably higher than 30%. Electrolux also has a long tradition of high total distribution to shareholders that include repurchases and redemptions of shares.

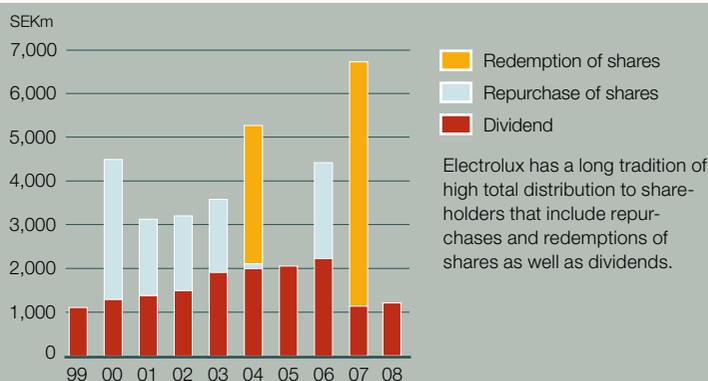
Demand in the Group's main markets declined sharply throughout the world in 2008. The decline was particularly steep in the fourth quarter. Global demand for appliances is expected to continue to deteriorate in 2009. Electrolux is implementing a number of cost-reduction programs, which had an adverse effect on cash flow in 2008 and will have a similar effect on cash flow in 2009.

As a consequence, the Board of Directors proposes that no dividend will be paid for 2008. A zero dividend is in line with existing policy, with reference to the low income for the period.

Cash flow and change in net borrowings



Total distribution to shareholders



The story of Electrolux 90 years

This year, 90 years have passed since Electrolux was founded. Axel Wenner-Gren, the founding father of Electrolux, established the principles by which the company still thrives. He was a visionary who helped to develop products of the future by understanding the needs of people and not submitting to challenges. His dream to improve quality of life has had fundamental impact on homes around the world.

The story of Vision

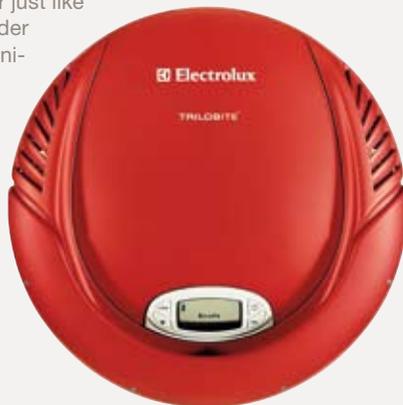
Axel Wenner-Gren barely noticed the stores as he walked down the biggest shopping street in Vienna. The year was 1908, Wenner-Gren was on his way to a meeting and his broad steps and freshly pressed suit signalled a sense of purpose. That is, however, until something caught his eye, brought him to a stop, and pulled him to a shop window for a closer look.



Propped on display was a machine that must have weighed 20 kilos with a price tag that could suck up the savings of almost any wealthy household. Window shoppers either smirked at or ignored the industrial display, but Wenner-Gren couldn't take his eyes away from it. In his mind the machine became smaller, lighter, sleeker and less expensive. He envisioned women gliding small cleaners around their houses. He would bring convenience to houses around the world.

Electrolux today

"Thinking of you" sums up the Electrolux offering – always put the users first and foremost. Trilobite, the world's first automatic vacuum cleaner, frees up time so consumers can do the things that really matter, like spending time with family and friends. It uses radar just like a bat to navigate under beds, tables and furniture. When the batteries run low, it returns by itself to the charging station to recharge.



The story of Insight

Axel Wenner-Gren unfolded a sketch made during a board room meeting for a team of Electrolux engineers to examine. On the page was a drawing of a vacuum cleaner. Rather than standing like the traditionally shaped bucket, however, Wenner-Gren had sketched the vacuum cleaner laying on its side, with rounded edges and sled-like runners attached to the base. "This will be our next model," Wenner-Gren explained.



The idea had come to him a few days earlier when a young salesman visited his office to report that a customer was having a difficult time with her vacuum cleaner. The lady had told the salesman that her vacuum cleaned well, but that she found it tiring to lift and carry the machine throughout the house.

From that moment, Wenner-Gren was resolute on making the vacuum cleaner move easier.

Electrolux today

Insight into consumer behavior is the basis for all product development within the Group. Electrolux developed Ergorapido, a cordless vacuum cleaner, for people who want the vacuum cleaner easily available. Sleek in design and lightweight, Ergorapido is too good looking not to be left in sight.





“The Electrolux Spirit acknowledges no obstacles and submits to no defeats. It is a combination of enthusiasm, loyalty, aggressiveness and belief, which is inspired by confidence in our organization and product, and faith in our success and our future.”

Axel Wenner-Gren, Founder

The story of Innovation

“This task is not an easy one, but one that will transform homes around the world”, Axel Wenner-Gren said to the team of engineers and scientists sitting before him. Next to Wenner-Gren was a basic prototype of an absorption refrigerator created by two young engineers, Baltzar von Platen and Carl Munters, for a University degree project.



Wenner-Gren’s decision to acquire the patent for the absorption refrigeration technology, which used electricity, gas or kerosene to circulate water and safely turn heat into cold, was his first step towards diversifying Electrolux. It was a bold step, for not only had Electrolux secured its spot as the world leader in vacuum cleaners, but absorption refrigeration was a concept that was far from fully developed.

“We now know that you can create cold through heat with water,” Wenner-Gren said to the engineers. “But a problem with this technology is that not every household has running water and every household from China to America will need a refrigeration machine,” Wenner-Gren paused, and looked at each member of the team. “That is why we are going to cool with air, because we all have access to that.”

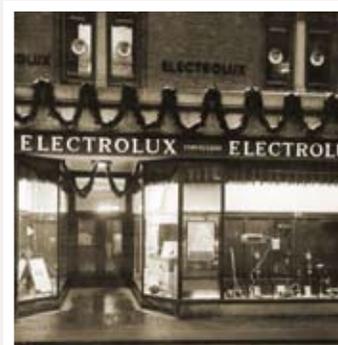
Electrolux today

One of the main consumer problems associated with freezers, extensive research shows, is defrosting. Electrolux Glacier is, like most of the Group’s freezers, frost-free. It is also the first freezer to combine European standard dimensions with a built-in icemaker. The user always has access to ice-cubes without having to remember filling the container with water.



The story of Design

Axel Wenner-Gren had visited Electrolux showrooms in around thirty countries, and was always amazed by how active people would get, even though nothing was actually for sale. The atmosphere in the showroom on this day was different, however. The crowd was still, hushed, and gathered around the latest addition to the Electrolux collection: the Model XXX vacuum cleaner.



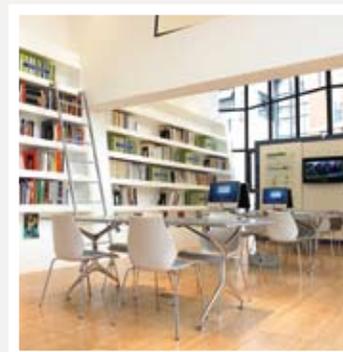
The Model XXX, shaped by the internationally renowned industrial designer Lurelle Guild, was the one of the first vacuum cleaners in history to be created with aesthetic appeal in mind. As cars and trains had become streamlined, Wenner-Gren saw the value in bringing a similar sleek elegance to home appliances. In fact, he had personally tracked down the headlining industrial designers, so that life for Electrolux customers would not only be cleaner and easier, but also more attractive.

Looking at the Model XXX vacuum cleaner, Wenner-Gren said to Guild: “You have given Electrolux products attractive design and perfect form.”

Electrolux today

Electrolux Design Centre in Shanghai, China, was inaugurated in 2007. The Design Centre hosts an exhibition space, flexible meeting areas, and a functional working kitchen with exclusive Electrolux appliances with attractive design.

A key element of the Centre is the Design Library, which offers thousands of books and magazines on design. The Design Library is an initiative taken by the Italian Association of Industrial Designers (ADI). This cooperation establishes the one and only ADI Design Library located outside of Milan.



Board of Directors and Auditors



Marcus Wallenberg
Chairman

Born 1956. B. Sc. of Foreign Service. Elected 2005. Member of the Electrolux Remuneration Committee.

Board Chairman of SEB, Skandinaviska Enskilda Banken AB and Saab AB. Honorary Chairman of ICC (International Chamber of Commerce). Deputy Chairman of Telefonaktiebolaget LM Ericsson. Board Member of Astra Zeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited.

Previous positions: President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999.

Holdings in AB Electrolux: 20,000 B-shares. Related party: 1,500 B-shares.



Peggy Bruzelius
Deputy Chairman

Born 1949. M. Econ. Hon. Doc. in Econ. Elected 1996. Chairman of the Electrolux Audit Committee.

Board Chairman of Lancelot Asset Management AB and the Swedish National Agency for Higher Education. Board Member of Axfood AB, Industry and Commerce Stock Exchange Committee, Axel Johnson AB, Akzo Nobel nv., Scania AB, Husqvarna AB, Syngenta AG and the Association of the Stockholm School of Economics.

Previous positions: Executive Vice-President of SEB, Skandinaviska Enskilda Banken AB, 1997–1998. President and CEO of ABB Financial Services AB, 1991–1997.

Holdings in AB Electrolux: 6,500 B-shares.



Hasse Johansson

Born 1949. M. Sc. in Electrical Engineering. Elected 2008. Executive Vice President and Head of Research and Development of Scania AB since 2001.

Previous positions: Founder of Mecel AB (part of Delphi Corporation). Senior management positions with Delphi Corporation, 1990–2001.

Holdings in AB Electrolux: 0 shares.



John S. Lupo

Born 1946. B. Sc. in Marketing. Elected 2007.

Board Member of Spectrum Brands Inc., Citi Trends Inc. and Cobra Electronics Corp., USA.

Previous positions: Principle of Renaissance Partners Consultants, 2000–2008. Executive Vice-President of Basset Furniture, 1998–2000. Chief Operating Officer of Wal-Mart International, 1996–1998. Senior Vice-President Merchandising of Wal-Mart Stores Inc., 1990–1996.

Holdings in AB Electrolux: 500 ADR.



Johan Molin

Born 1959. B. Sc. in Econ. Elected 2007. Member of the Electrolux Remuneration Committee. President and CEO of ASSA ABLOY AB since 2005.

Board Member of ASSA ABLOY AB.

Previous positions: CEO of Nilfisk-Advance, 2001–2005. President of Industrial Air Division, Atlas Copco Airpower, Belgium, 1998–2001. Management positions within Atlas Copco, 1983–2001.

Holdings in AB Electrolux: 1,000 B-shares.



Hans Stråberg
President and CEO

Born 1957. M. Eng. Elected 2002. President and CEO of AB Electrolux since 2002.

Board Member of the Association of Swedish Engineering Industries, N Holding AB, Roxtec AB and the Confederation of Swedish Enterprise.

Previous positions: Joined Electrolux in 1983. Management positions in the Group until appointed President and CEO.

Holdings in AB Electrolux: 61,597 B-shares, 90,000 options.



Caroline Sundewall

Born 1958. M.B.A. Elected 2005. Member of the Electrolux Audit Committee. Independent Business consultant since 2001.

Board Member of TeliaSonera AB, Haldex AB, Lifco AB, Pågengruppen AB, Ahlsell AB and the Association of Exchange-listed Companies.

Previous positions: Business commentator at Finans-tidningen, 1999–2001. Managing editor of the business desk section at Sydsvenska Dagbladet, 1992–1999. Business controller at Ratos AB, 1989–1992.

Holdings in AB Electrolux through company: 2,000 B-shares.



Torben Ballegaard Sørensen

Born 1951. M.B.A. Elected 2007. Member of the Electrolux Audit Committee.

Board Member of Egmont Fonden, LEGO A/S, Pandora Holding A/S and Monberg-Thorsen A/S, Denmark.

Previous positions: President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice-President of LEGO System, 1999–2001. Divisional Director of LEGO System, 1996–1999. Managing Director of CCI Europe, 1988–1996. Managing Director of AA S Grafik, 1983–1988.

Holdings in AB Electrolux: 0 shares.



Barbara Milian Thoralfsson

Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee. Director of Fleming Invest AS, Norway, since 2005.

Board Member of SCA AB, Storebrand ASA, Tandberg ASA, Fleming Invest AS, Stokke AS and Norfolier AS.

Previous positions: President of TeliaSonera Norway, 2001–2005. President of Midelfart & Co, 1995–2001. Leading positions within marketing and sales, 1988–1995.

Holdings in AB Electrolux through company: 10,000 B-shares.

Employee representatives, members



Ola Bertilsson

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

Holdings in AB Electrolux: 0 shares.



Gunilla Brandt

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006.

Holdings in AB Electrolux: 0 shares.



Ulf Carlsson

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001.

Holdings in AB Electrolux: 0 shares.

Employee representatives, deputy members



Gerd Almlöf

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007.

Holdings in AB Electrolux: 0 shares.



Peter Karlsson

Born 1965. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

Holdings in AB Electrolux: 0 shares.



Bengt Liwång

Born 1945. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2005.

Holdings in AB Electrolux: 0 shares.

Secretary of the Board

Cecilia Vieweg

Born 1955. B. of Law. General Council of AB Electrolux. Secretary of the Electrolux Board since 1999.

Holdings in AB Electrolux: 18,827 B-shares, 15,294 options.

Auditors

At the Annual General Meeting in 2006, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2010.

Peter Clemedtson

PricewaterhouseCoopers AB

Born 1956. Authorized Public Accountant. Partner in Charge.

Other audit assignments: Telefonaktiebolaget LM Ericsson and SEB, Skandinaviska Enskilda Banken AB.

Holdings in AB Electrolux: 0 shares.

Björn Irlé

PricewaterhouseCoopers AB

Born 1965. Authorized Public Accountant.

Holdings in AB Electrolux: 0 shares.

Holdings in AB Electrolux as of December 31, 2008. For additional information on the Board of Directors, see page 99 in part 2.

Group Management

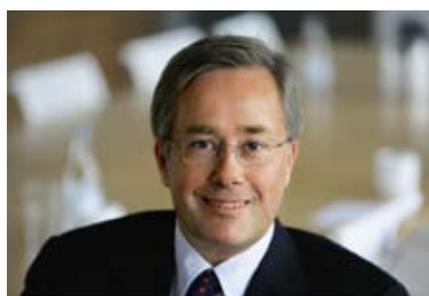


Hans Stråberg
President and CEO

Born 1957. M. Eng. In Group Management since 1998. Joined Electrolux in 1983. Head of product area Dishwashers and Washing Machines, 1987. Head of product division Floor Care Products, 1992. Executive Vice-President of Frigidaire Home Products, USA, 1995. Head of Floor Care Products and Small Appliances and Executive Vice-President of AB Electrolux, 1998. Chief Operating Officer of AB Electrolux, 2001. President and CEO, 2002.

Board Member of the Association of Swedish Engineering Industries, N Holding AB, Roxtec AB and the Confederation of Swedish Enterprise.

Holdings in AB Electrolux: 61,597 B-shares, 90,000 options.



Morten Falkenberg
Head of Floor Care and Small Appliances, Executive Vice-President

Born 1958. B. Econ. In Group Management since 2006. Sales/marketing positions in Carlsberg Group, Denmark, 1980–1987. Senior management positions within Coca-Cola Company, 1987–2000. Senior Vice-President of Alliances/Partnerships for TDC Mobile, 2001–2003. Joined Electrolux in 2003 as Head of Floor Care and Small Appliances Europe. Head of Floor Care and Small Appliances and Executive Vice-President of AB Electrolux, 2006.

Board member of Velux A/S.

Holdings in AB Electrolux: 13,138 B-shares, 0 options.



Anderson Guimarães
Head of Major Appliances Europe, Executive Vice-President

Born 1960. M.B.A. In Group Management since 2008. Brand management and marketing manager with Procter & Gamble, Brazil, 1990–1991, and Johnson & Johnson, Canada, 1991–1997. Marketing Director with Danone, Brazil, 1997–1998. Senior management positions with Philips Electronics, Brazil and the Netherlands, 1998–2007. Joined Electrolux in 2008 as Senior Vice-President Product and Branding within Major Appliances Europe. Head of Major Appliances Europe and Executive Vice-President of AB Electrolux, 2008.

Holdings in AB Electrolux: 0 shares, 0 options.



Carina Malmgren Heander
Senior Vice-President, Human Resources and Organizational Development

Born 1959. B. Econ. In Group Management since 2007. Project Director at Adtranz Signal (Bombardier), 1989–1998. Vice-President Human Resources of ABB AB, 1998–2003. Senior Vice-President Human Resources of Sandvik AB, 2003–2007. Joined Electrolux in 2007 as Senior Vice-President of Group Staff Human Resources and Organizational Development.

Board Member of Cardo AB and IFL at the Stockholm School of Economics.

Holdings in AB Electrolux: 0 shares, 0 options.



Ruy Hirschheimer
Head of Major Appliances Latin America, Executive Vice-President

Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008. Executive Vice-President of Alcoa Aluminum, Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge Foods, 1994–1997. Senior Vice-President of Bunge International Ltd., USA, 1997–1998. Joined Electrolux in 1998 as Head of Brazilian Major Appliances operations. Head of Major Appliances Latin America, 2002. Executive Vice-President of AB Electrolux, 2008.

Holdings in AB Electrolux: 33,621 B-shares, 5,000 options.



Lars Göran Johansson
Senior Vice-President, Communications and Branding

Born 1954. M. Econ. In Group Management since 1997. Account Executive of KREAB Communications Consultancy, 1978–1984. President, 1985–1991. Headed the Swedish “Yes to the EU Foundation” campaign for the referendum that determined Sweden’s membership in the EU, 1992–1994. Joined Electrolux in 1995. Communications and Branding include responsibility for Investor Relations as well as Public and Environmental Affairs.

Holdings in AB Electrolux: 19,327 B-shares, 19,902 options.



Keith R. McLoughlin

Head of Major Appliances North America, Executive Vice-President

Born 1956. B.S. Eng. In Group Management since 2003. Senior management positions with DuPont, USA, 1981–2003. Vice-President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Joined Electrolux in 2003 as Head of Major Appliances North America and Executive Vice-President of AB Electrolux. Also Head of Major Appliances Latin America, 2004–2007.

Board Member of Briggs & Stratton Corp.

Holdings in AB Electrolux: 29,125 B-shares, 0 options.



Detlef Münchow

Head of Professional Products, Executive Vice-President

Born 1952. M.B.A. Ph.D. Econ. In Group Management since 1999. Member of senior management of Knight Wendling/Wegenstein AG, Germany, 1980–1989, and GMO AG, 1989–1992. FAG Bearings AG, 1993–1998, as Chief Operating Officer of FAG Bearings Corporation, USA. Joined Electrolux in 1999 as Head of Professional Indoor Products and Executive Vice-President of AB Electrolux.

Holdings in AB Electrolux: 44,828 B-shares, 0 options.



Gunilla Nordström

Head of Major Appliances Asia/Pacific, Executive Vice-President

Born 1959. M. Sc. In Group Management since 2007. Senior management positions with Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice-President of Sony Ericsson Mobile Communications AB, 2005–2007. Joined Electrolux in 2007 as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux.

Holdings in AB Electrolux: 0 shares, 0 options.



Jonas Samuelson

Chief Financial Officer

Born 1968. M. Sc. in Business Administration and Economics. In Group Management since 2008. Business development and finance positions in General Motors, USA, 1996–1999. Treasurer and Director Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Joined Electrolux in 2008 as Chief Financial Officer.

Holdings in AB Electrolux: 0 shares, 0 options.

Changes in Group Management

Ruy Hirschheimer, Head of Major Appliances Latin America, is member of Group Management since January 2008.

Enderson Guimarães was appointed Head of Major Appliances Europe in September 2008. He succeeded Magnus Yngen, who has left the Group.

Jonas Samuelson joined Electrolux in December 2008 as Chief Financial Officer. His predecessor Fredrik Rystedt has left the Group.

Holdings in AB Electrolux as of December 31, 2008.

For additional information on Group Management and Group structure, see page 103 in part 2.



Cecilia Vieweg

General Counsel, Senior Vice-President

Born 1955. B. of Law. In Group Management since 1999. Attorney of Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner of Wahlén Advokatbyrå, 1998. Joined Electrolux in 1999 as Senior Vice-President and General Counsel, with responsibility for legal, intellectual property, risk management and security matters.

Board Member of Haldex AB.

Holdings in AB Electrolux: 18,827 B-shares, 15,294 options.

Events and reporting

On the Electrolux website www.electrolux.com/ir you will find additional and up-dated information about, for instance, the Electrolux shares, financial statistics and corporate governance. On the website you can also read more about our sustainability work.

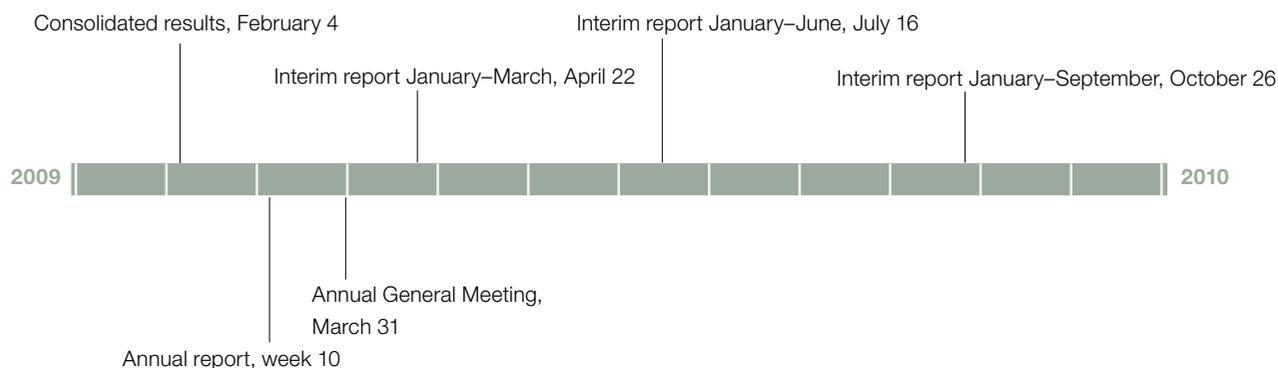
Electrolux Annual Report 2008 consists of two parts:

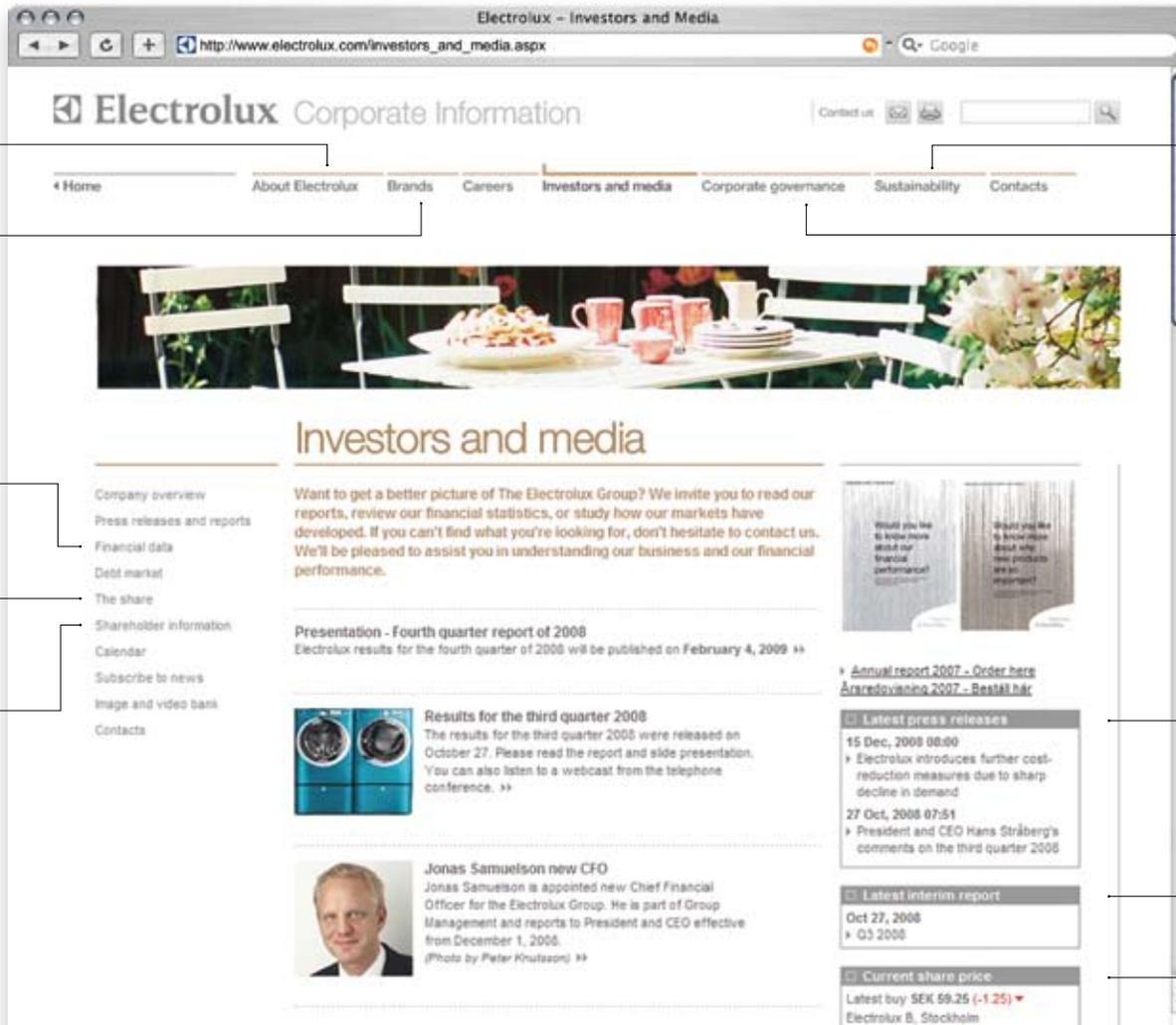
- Operations and strategy
- Financial review, Sustainability report and Corporate governance report



Electrolux Interim Reports can be found at www.electrolux.com/ir

Financial reports and major events in 2009





About
Electrolux
operations

Our brands

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Meeting

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statistics

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development

Dividend

Ownership
structure

Shareholder
information

Latest press
releases

Latest interim
report

Current share
price

www.electrolux.com/ir

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Thinking of you

 **Electrolux**