Non-official translation

Proposal of the Board of Directors of AB Electrolux concerning (A.) remuneration guidelines for the Electrolux Group Management and (B.) implementation of a performance based, long-term share program for 2009

A. THE BOARD OF DIRECTORS' PROPOSAL FOR REMUNERATION GUIDELINES FOR THE ELECTROLUX GROUP MANAGEMENT

The guidelines set forth in this section A shall apply to the remuneration and other terms of employment for the President and CEO and the other members of Group Management of Electrolux ("Group Management"). Group Management currently comprises the President and CEO, the heads of sectors (Major Appliances Europe, Major Appliances North America, Major Appliances Latin America, Major Appliances Asia Pacific, Electrolux Professional and Floor Care & Small Appliances), the heads of Communication & Branding, Legal Affairs and HR & Organizational Development as well as the Chief Financial Officer.

The principles shall be applied for employment agreements entered into after the Annual General Meeting ("AGM") in 2009 and for changes made to existing employment agreements thereafter.

Remuneration for the President and CEO is resolved upon by the AB Electrolux Board of Directors, based on the recommendation of the Remuneration Committee. Remuneration for other members of Group Management is resolved upon by the Remuneration Committee.

Guiding principles

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

Fixed compensation

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

ABS paid during 2008 will be disclosed in the Annual Report, Note 27. ABS for 2009 is estimated[1] not to exceed MSEK 50.3.

Variable compensation

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

[1] Estimation made on the assumptions that Group Management is unchanged.

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Performance may be measured against both financial and non-financial targets. If to be applied, non-financial targets shall focus on activities in line with Electrolux' strategic plans. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors from year to year.

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

For the STI plan of individual Group Management members, the minimum level of performance that must be reached to earn any allocation and the maximum level of performance at which pay out is capped, shall be defined in the beginning of each year and be approved by the Board of Directors. The size of STI entitlements shall be dependent on position and may amount up to a maximum of 100 per cent of ABS.

Reflecting market norms, the corresponding numbers for Group Management members in the USA are 100 per cent of ABS at midpoint (target) and 150 per cent of ABS at maximum performance.

For the President and CEO, the size of STI entitlements may amount up to 70 per cent of ABS at midpoint (target) and 110 per cent of ABS at maximum performance.

STI accrued during 2008 will be disclosed in the Annual Report, Note 27.

Accruals for STI objectives for 2009 are estimated[2] to range between zero below minimum level and MSEK 52.6 at maximum level.

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

In 2008 the AGM approved a performance share program based on financial targets for growth in earnings per share over the next three years. The program involves an allocation of shares if these targets have been reached or exceeded after the three-year period. Allocation of shares under the program is determined on the basis of a minimum and maximum level of average annual growth in earnings per share over the performance period 2008 – 2010, versus the reference year (2007). Earnings per share over these three years must improve by an average of at least 5 per cent annually in order for shares to be allotted. The number of shares a participant may receive reaches a maximum when average annual earnings per share increase by more than 20 per cent. The maximum level for allocation may not be exceeded regardless of the growth in earnings per share during the performance period.

Shares under the program will be allocated to participants after the three-year period and will be free of charge. Participants are permitted to sell allocated shares to cover personal income tax; the remaining shares must be held for another two years.

Maximum award values in SEK under the program have been determined. For the President, the maximum award value is SEK 5,000,000 and for other members of Group Management

[2] Estimation made on the assumptions that Group Management is unchanged.

SEK 1,800,000. Each maximum award value has subsequently been converted into a maximum number of shares, based on the average closing price of the series B-share in Electrolux on the exchange NASDAQ OMX Stockholm during a period of ten trading days before the day participants were invited to the plan, reduced by the present value of estimated dividend payments during the performance period.

For further information on the LTI program approved in 2008 and Electrolux other long-terms incentive arrangements, please refer to the Annual Report.

If the minimum level will be reached, the cost of the 2008 LTI program is estimated at MSEK 7.2 for Group Management. The corresponding cost if performance reaches or exceeds the maximum level is capped at MSEK 28.7. Below the minimum level no pay out will take place and the only costs incurred are financing costs for repurchase of own shares.

The Board of Directors has proposed a LTI program for 2009 as set out under (B) below. Costs for the LTI program proposed are estimated[3] to range between zero below minimum level and MSEK 28.7 at maximum level. Performance under the program shall be measured against performance of the Company on earnings per share within a certain performance range. Estimated costs include employer contributions and the financing cost for repurchase of own shares.

Extraordinary arrangements

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

Additionally, extraordinary retention arrangements shall include performance targets; extraordinary recruitment arrangements may include such targets.

Information on extraordinary arrangements will be disclosed in the Annual Report, Note 27.

Insurable Benefits

Old age pension, disability benefits and medical benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved by the Board of Directors.

The insurable benefits will be disclosed in the Annual Report, Note 27.

Other Benefits

Other benefits may be provided on individual level or to the entire Group Management. These benefits shall not constitute a material portion of total remuneration.

Notice of Termination and Severance Pay

The notice period shall be twelve months if the company takes the initiative and six months if the Group Management member takes the initiative.

In individual cases, the Board of Directors may approve severance arrangements in addition to the notice periods.

[3] Estimation made on the assumptions that the AGM in 2009 approves the Board's proposals and that Group Management is unchanged.

Severance arrangements may only be payable upon Electrolux termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in his or her working situation, because of which he or she can no longer perform to standard. This may be the case in e.g. the event of a substantial change in ownership of Electrolux in combination with a change in reporting line and/or job scope.

Severance arrangements may provide as a benefit to the individual the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources, whether from employment or independent activities.

Deviations from the guidelines

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

Information about remuneration decided upon but not due for payment

Certain members of Group Management are covered by recruitment- or retention compensation arrangements which have been determined in line with the remuneration guidelines; please refer to Note 27 in the Annual Report.

B. THE BOARD OF DIRECTORS' PROPOSAL FOR THE IMPLEMENTATION OF A PERFORMANCE BASED, LONG-TERM SHARE PROGRAM FOR 2009

The Electrolux performance based, long-term share program for 2009 (the "Share Program 2009") is based on Electrolux principles of "pay for performance" and is proposed to be an integrated part of the total remuneration package for senior managers and key employees of Electrolux. Similar programs for each of the years 2004 - 2008 were approved by the Annual General Meetings in the respective years.

The Board of Directors of Electrolux is convinced that the Share Program 2009 will be beneficial to both the employees participating in the program and the company's shareholders and that it will contribute to the possibilities to recruit and retain competent employees. The Share Program 2009 is also expected to increase the commitment and the motivation of the program participants and to strengthen the participants' ties to the Electrolux Group. A performance based share program enabling senior managers and key employees to participate in the company's long-term growth maintains the confidence for the company and will increase the share value.

The Board of Directors of Electrolux proposes, in view of the above, that the Annual General Meeting resolves to implement a performance based, long-term share program for 2009, in accordance with the following principal terms and conditions:

a) The Share Program 2009 is proposed to include up to 160 senior managers and key employees of the Electrolux Group, which receive the possibility to be allocated shares of series B in Electrolux free of charge. An offer to participate in the program shall be provided by Electrolux no later than 15 May 2009.

b) The participants of the program shall be divided into five groups; the President and CEO, other members of the Group Management and three additional groups for other senior managers and key employees. For each group, the Board of Directors will determine a maximum value for the Share Program 2009 denominated in SEK. The maximum value for the President and CEO amounts to SEK 5,000,000 (value unchanged versus 2008), for the other members of the Group Management to SEK 1,800,000 (value unchanged versus 2008) and for other senior managers and key employees not less than SEK 675,000 and not more than SEK 1,350,000 (both values unchanged versus 2008), respectively. The total sum of the maximum values for all participants will not exceed SEK 146,000,000, excluding social costs.

c) Each maximum value shall thereafter be converted into a maximum number of shares, based on the average closing share price of the Electrolux series B shares on the exchange NASDAQ OMX Stockholm during a period of ten trading days before the day the participants are offered to participate in the program, reduced by the present value of estimated dividend payments for the period until shares are allotted.

d) The calculated number of shares shall be connected to certain targets for average annual growth in earnings per share (excluding items affecting comparability) for the Group established by the Board of Directors. The targets are set at certain average annual growth rates during a three-year performance period 2009 – 2011, versus the actual outcome on earnings per share in the financial year 2008.

e) The targets for average annual growth in earnings per share for the Group include a minimum level, which is set at 5.0 per cent average annual growth in earnings per share for the Group and which has to be reached or exceeded for any allocation to take place. The maximum level is set at 20.0 per cent average annual growth in earnings per share for the Group. If the maximum level is reached, the allocation will amount to the maximum number of shares as stated in items b) and c) above. If the minimum level is reached, the allocation will amount to 25 per cent of the maximum number of shares as stated in items b) and c) above. If the average annual growth in earnings per share for the Group is below the maximum level but exceeds the minimum level, a proportionate allocation of shares will be made.

f) Allocation of shares requires, among other things, that the persons participating in the program, with certain exemptions, are employed in the Electrolux Group during the entire performance period. If all conditions in the Share Program 2009 are met, allocation of shares will take place free of charge after the expiration of the three-year performance period and following approval of the results by the Board of Directors.

g) Shares allocated under the Share Program 2009 under f) above, with the exception of those shares which may be sold to cover income tax for the participants in the program, shall be under certain disposition restrictions, for an additional two-year period after the expiration of the performance period.

h) Certain participants in the program may be offered the possibility to settle a portion of the allocated shares in cash, such portion may however not exceed the value of the number of shares that otherwise would be required to be sold to cover income tax. Cash settlement shall be effected based on the market value of the shares being cash settled as per the allotment day.

i) The possibility to participate in the Share Program 2009 is conditional upon that, in the judgement of the Board of Directors, such participation can take place with reasonable (i) administrative costs, (ii) tax effects for Electrolux or any other employing company within the Electrolux Group or for the persons who are intended to participate in the program, and (iii) financial efforts.

j) Certain deviations in or adjustments of the terms and conditions for the Share Program 2009 may be made based on local rules and regulations as well as applicable market practice.

k) The Board of Directors, or a committee established by the Board for these purposes, shall be responsible for the preparation and management of the Share Program 2009, within the framework of the aforementioned terms and conditions.

Costs for the Share Program 2009
The total costs for the Share Program 2009 during a three-year period have been estimated to a maximum of SEK 182 million, including costs for social security charges and financing costs for repurchased own shares.

The costs for the Share Program 2009 have been calculated as the sum of salary costs for the program and the financing cost for the repurchased shares which may be used for the hedging of the program. The salary cost has been calculated based on the value, at the start of the program, of the shares that may be allotted at maximum, with a reduction of the present value of estimated dividend payments during a three-year period.

The Board of Directors’ proposal assumes implementation of the Share Program 2009 during 2009 and possible allocation of shares free of charge during 2012, i.e. after the expiration of an initial three-year performance period. Allotment of repurchased shares under the program will entail a maximum increase in the number of outstanding shares of approximately 0.89 per cent versus the number of shares outstanding at the date of this proposal. The total maximum increase in the number of outstanding shares of the Share Program 2009, the share programs for 2006, 2007 and 2008, and the Electrolux employee stock option programs for 2002 and 2003 amounts to a maximum of approximately 2.5 per cent.

The above calculations presuppose that Electrolux undertakings under Share Program 2009 are secured with own shares (see further below). If the undertakings should be secured in any other manner, the costs could be expected to exceed the above figures. Such measures are, however, not expected to imply any more significant increased costs.

Hedging measures for the Share Program 2009
The Board of Directors has considered different methods for delivery of shares under the Share Program 2009, which shall not take place until 2012. One such method could be a swap agreement with a third party. Electrolux also holds a significant amount of repurchased shares, which have been repurchased in accordance with a mandate granted by previous Annual General Meetings for the purpose of i.a. securing undertakings under Electrolux incentive programs. As delivery shall not take place until 2012, the Board of Directors has resolved not to propose any delivery measures at present.

Preparation of the proposal for the Share Program 2009
The proposal regarding the Share Program 2009 has been prepared by the Remuneration Committee and has been presented to the Board of Directors.

Previous incentive programs in Electrolux
For a description of the company's other share related incentive programs, reference is made to the Annual Report, note 22, and the company's website, www.electrolux.com. In addition to the programs described, no other share related incentive programs have been implemented in Electrolux.

Majority requirements

In order for the Annual General Meeting's resolutions in accordance with the proposals under items A. and B. above to be valid, shareholders representing more than fifty per cent of the votes cast must be in favour of such proposal or, in case of parity of votes, the chairman of the meeting being in favour of such proposal.

Stockholm in February 2009
THE BOARD OF DIRECTORS