

## **NOTICE CONVENING THE ANNUAL GENERAL MEETING OF AB ELECTROLUX**

The shareholders of AB Electrolux are invited to participate in the Annual General Meeting to be held on Thursday, March 26, 2015 at 5 p.m. at the Brewery Conference Centre (Sw. Münchenbryggeriet), Torkel Knutssonsgatan 2, Stockholm, Sweden.

### **Registration and notification**

Shareholders who wish to participate in the Annual General Meeting must

- be recorded in the share register kept by Euroclear Sweden AB on Friday, March 20, 2015, and
- give notice of intent to participate to the company not later than on Friday, March 20, 2015.

Notice of intent to participate can be given on the Group's web site, [www.electroluxgroup.com/agm2015](http://www.electroluxgroup.com/agm2015), by telephone +46-8-402 92 79 on weekdays between 9 a.m. and 4 p.m. or by letter to AB Electrolux, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden.

Please include in the notice name, personal or organization identification number, address, telephone number and the number of assistants attending (if any). Shareholders represented by proxy should submit the proxy to the company prior to the Annual General Meeting. Proxy forms in Swedish and English are available on the Group's web site, [www.electroluxgroup.com/agm2015](http://www.electroluxgroup.com/agm2015).

Shareholders that have their shares registered in the name of a nominee must, in addition to giving notice of participation in the meeting, temporarily be recorded in the share register in their own names (so called voting-rights registration) to be able to participate in the General Meeting. In order for such registration to be effectuated on Friday, March 20, 2015, shareholders should contact their bank or trustee well in advance of that date.

### **Agenda**

1. Election of Chairman of the Meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of two minutes-checkers.
5. Determination as to whether the meeting has been properly convened.
6. Presentation of the Annual Report and the Audit Report as well as the Consolidated Accounts and the Audit Report for the Group.
7. Speech by the President, Keith McLoughlin.
8. Resolution on adoption of the Income Statement and the Balance Sheet as well as the Consolidated Income Statement and the Consolidated Balance Sheet.
9. Resolution on discharge from liability of the Directors and the President.
10. Resolution on dispositions in respect of the company's profit pursuant to the adopted Balance Sheet and determination of record date for dividend.
11. Determination of the number of Directors and Deputy Directors. In connection therewith, report on the work of the nomination committee.
12. Determination of fees to the Board of Directors.
13. Election of Board of Directors and Chairman of the Board of Directors.
14. Proposal for resolution on remuneration guidelines for the Electrolux Group Management.
15. Proposal for resolution on implementation of a performance based, long-term share program for 2015.
16. Proposal for resolutions on
  - a) acquisition of own shares,

- b) transfer of own shares on account of company acquisitions and
  - c) transfer of own shares on account of the share program for 2013.
17. Closing of the meeting.

#### **Item 1 – Chairman of the Meeting**

The Electrolux nomination committee, consisting of the Chairman Börje Ekholm, Investor AB, and the members Kaj Thorén, Alecta, Mathias Leijon, Nordea Investment Management, and Marianne Nilsson, Swedbank Robur funds, Ronnie Leten and Torben Ballegaard Sørensen, Chairman and Director, respectively, of the Board of Directors of the company, proposes:

- Sven Unger, member of the Swedish Bar Association, as chairman of the Annual General Meeting.

#### **Item 10 – Dividend and record date**

The Board of Directors proposes a dividend for 2014 of SEK 6.50 per share and Monday, March 30, 2015, as record date for the dividend. Subject to resolution by the General Meeting in accordance with this proposal, dividend is expected to be distributed by Euroclear Sweden AB on Thursday, April 2, 2015.

#### **Item 11 – Number of Directors**

The nomination committee proposes:

- Nine Directors and no Deputy Directors.

#### **Item 12 – Fees to the Board of Directors**

The nomination committee proposes Directors' fees as follows:

- SEK 2,000,000 to the Chairman of the Board of Directors, SEK 640,000 to the Deputy Chairman of the Board of Directors and SEK 550,000 to each of the other Directors appointed by the Annual General Meeting not employed by Electrolux; and
- for committee work, to the members who are appointed by the Board of Directors: SEK 250,000 to the Chairman of the audit committee and SEK 95,000 to each of the other members of the committee and SEK 120,000 to the Chairman of the remuneration committee and SEK 60,000 to each of the other members of the committee.

#### **Items 13 – Election of the Board of Directors and Chairman of the Board**

The nomination committee proposes:

- Re-election of the Directors Lorna Davis, Petra Hedengran, Hasse Johansson, Ronnie Leten, Keith McLoughlin, Bert Nordberg, Fredrik Persson, Ulrika Saxon and Torben Ballegaard Sørensen.
- Ronnie Leten as Chairman of the Board of Directors.

#### **Item 14 – Remuneration guidelines for the Electrolux Group Management**

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

The guidelines set forth herein, that in all material respects correspond to those resolved at the Annual General Meeting 2014, shall apply to the remuneration and other terms of employment

for the President and CEO and other members of Group Management of Electrolux (“Group Management”). Group Management currently comprises twelve executives.

The principles shall be applied for employment agreements entered into after the Annual General Meeting (“AGM”) in 2015 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 and reported to the Board of Directors.

Note 27 of the Annual Report includes a detailed description of existing remuneration arrangements for Group Management, including fixed and variable compensation, long-term incentive programs and other benefits.

### **Guidelines**

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country or region of employment 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 may comprise the components set forth hereafter.

#### **Fixed compensation**

The Annual Base Salary (“ABS”) shall be competitive relative to the relevant country market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

#### **Variable compensation**

Following the ‘pay for performance’ principle, variable compensation shall represent a significant portion of the total compensation for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay out shall be made.

Variable compensation shall principally relate to financial performance targets.

Non-financial targets may also be used in order to strengthen the focus on delivering on the Group’s strategic plans or to clarify that an own investment in Electrolux shares or other commitment is required. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

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

Group Management members shall participate in an STI (short term incentive) plan under which they may receive variable compensation. The objectives in the STI plan shall mainly be financial. These shall be set based on annual financial performance of the Group and, for the sector heads, of the sector for which the Group Management member is responsible.

The maximum STI entitlements shall be dependent on job position and may amount up to a maximum of 100 per cent of ABS. Reflecting current market conditions, the STI entitlement for a Group Management member in the USA may amount up to a maximum of 150 per cent of ABS if the maximum performance level is reached.

STI payments for 2015 are estimated<sup>1</sup> to range between no payout at minimum level and MSEK 64 (excluding social costs) at maximum level.

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<sup>1</sup> Estimation made on the assumption that Group Management is unchanged.

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**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 General Meeting. Long-term incentive programs shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux.

The costs for the LTI program proposed for 2015 are estimated<sup>1</sup> to MSEK 310 (including social costs) at maximum level. For information on the proposed LTI program, please refer to the Board's separate proposal.

**Extraordinary arrangements**

Other variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement shall, in addition to the target requirements set out above, be made for recruitment or retention purposes, are 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 period of two (2) years.

Electrolux has not had any cost for extraordinary arrangements during 2014. Costs for extraordinary arrangements accruing as from after year-end 2014 are currently estimated to approximately MSEK 16.

**Pension and 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.

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 Group takes the initiative and six months if the Group Management member takes the initiative.

In individual cases, severance pay may be approved in addition to the notice periods. Severance pay may only be payable upon the Group's termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in the 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 pay may for the individual include 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.

Compensation related to extraordinary work efforts in connection with the acquisition of GE Appliances has been paid out during 2015. The compensation deviates from the provision in the guidelines stating that such compensation shall be earned and/or paid out in installments over a minimum period of two (2) years.

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**Item 15 – Implementation of a performance based long-term share program for 2015**

The Board of Directors has decided to propose a long-term incentive program for 2015. The Board is convinced that the proposed program will be beneficial to the company's shareholders as it will contribute to the possibilities to recruit and retain competent employees, is expected to increase the commitment and the motivation of the program participants and will strengthen the participants' ties to the Electrolux Group and its shareholders.

The Board of Directors proposes, in view of the above, that the Annual General Meeting resolves to implement a performance based, long-term share program for 2015 (the "Share Program 2015") with the following principal terms and conditions:

- a) The program is proposed to include up to 250 senior managers and key employees of the Electrolux Group, who are divided into five groups; the President and CEO ("Group 1"), other members of Group Management ("Group 2"), and three additional groups for other senior managers and key employees ("Group 3-5"). Invitation to participate in the program shall be provided by Electrolux no later than on May 14, 2015. However, the company may also provide such invitation at a later date, however no later than on September 1, 2015, if caused by changes in the company's organization due to the completion of planned acquisitions.
- b) Participants are offered to be allocated Performance Shares, provided that the participant remains employed until January 1, 2018. Exemptions to this requirement may be prescribed in specific cases, including a participant's death, disability, retirement or the divestiture of the participant's employing company from the Electrolux Group.
- c) The Performance Shares shall be based on maximum performance values for each participant category. The maximum performance value for the participants in Group 1-2 will be 90 per cent of the participant's annual base salary for 2015, for participants in Group 3, 80 per cent of the participant's annual base salary for 2015, for participants in Group 4, 60 per cent of the participant's annual base salary for 2015, and for participants in Group 5, 40 per cent of the participant's annual base salary for 2015. The total sum of the maximum values of the Performance Shares thus defined for all participants will not exceed MSEK 285 excluding social costs.
- d) Each maximum value shall thereafter be converted into a maximum number of Performance Shares<sup>2</sup>, based on the average closing price paid for Electrolux B shares on Nasdaq Stockholm during a period of ten trading days before the day the participants are invited to participate in the program, reduced by the present value of estimated dividend payments for the period until shares are allotted.
- e) The calculation of the number of Performance Shares shall be connected to performance targets for the Group established by the Board for (i) earnings per share, (ii) return on net assets,<sup>3</sup> and (iii) organic sales growth, for the 2015 financial year. The performance targets adopted by the Board will stipulate a minimum level and a maximum level, with the relative weight of the performance targets (i), (ii) and (iii) being 25 per cent, 50 per cent and 25 per cent respectively.
- f) Performance outcome of the established performance targets will be determined by the Board after the expiry of the one-year performance period. If the maximum performance level is reached or exceeded, the allocation will amount to (and will not exceed) the maximum number of Performance Shares following from c) and d). If performance is

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<sup>2</sup> With a possibility for the Board of Directors to make adjustments for extraordinary events such as bonus issue, split, rights issue and/or other similar events.

<sup>3</sup> With a possibility for the Board of Directors to make adjustments to (i) and (ii) for extraordinary events.

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below the maximum level but exceeds the minimum level, a proportionate allocation of shares will be made. No allocation will be made if performance amounts to or is below the minimum level. Information on the performance targets and the outcome will be provided no later than in connection with the allocation of Performance Shares in accordance with h).

- g) The total award of Performance Shares may never exceed one (1) per cent of the total number of shares in Electrolux. If required, allotments shall be reduced to ensure that this dilution cap is observed.
- h) If all conditions in the Share Program 2015 are met, allocation of Performance Shares will take place in the first half of 2018. Allocation will be free of charge except for tax liabilities.
- i) Certain deviations in or adjustments of the terms and conditions for the Share Program 2015 may be made based on local rules and regulations as well as applicable market practice or market conditions.
- j) 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 2015, within the framework of the aforementioned terms and conditions.
- k) If material changes would occur within the Electrolux Group or on the market that, according to the Board's assessment, would lead to the conditions for allocation of Performance Shares no longer being reasonable, the Board will have the right to make also other adjustments of the Share Program 2015, including e.g. a right to resolve on a reduced allotment of shares.

#### **Costs for the Share Program 2015**

The total costs for the Share Program 2015 if the maximum number of Performance Shares are delivered, are estimated to a maximum of MSEK 310, which corresponds to approximately 1.8 per cent of total employment cost for 2014. The costs will be recognized over the years 2015-2017. The costs have been calculated as the sum of salary costs, including social costs, and administration costs for the program. Administration costs are estimated to be less than MSEK 1. If no allotment of shares is made, only administration costs will arise.

The salary costs have been calculated based on the value, at the start of the program, of the Performance Shares that may be allotted at maximum performance, with a reduction of the present value of estimated dividend payments during a three-year period. The estimate on maximum costs assumes maximum performance and that the number of participants that will leave the Group during the performance period is the same as the historical average since the introduction of share programs in 2004. In the calculation, a maximum share price of SEK 328 per share has been applied.

Allocation of repurchased shares under the program is estimated to increase the number of outstanding shares with not more than 1,650,000 B shares.<sup>4</sup> Such maximum increase would have a dilutive effect on earnings per share of approximately 0.57 per cent. The total maximum increase in the number of outstanding shares of all outstanding share programs is estimated to not more than 3,042,140 B shares, corresponding to a dilutive effect on earnings per share of approximately 1.1 per cent. In this calculation, maximum allotment of shares has been assumed for Share Program 2015 and expected allotment has been assumed for the share programs for 2013 and 2014.

The above calculations assume that Electrolux undertakings under the Share Program 2015 are secured with own shares.

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<sup>4</sup> With a possibility for the Board of Directors to make adjustments for extraordinary events such as bonus issue, split, rights issue and/or other similar events.

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### **Hedging measures for the Share Program 2015**

The Board of Directors does not currently propose any method for securing the undertakings under the Share Program 2015. Delivery of Performance Shares in accordance with the terms of the Share Program 2015 will take place in 2018.

### **Preparation of the proposal for the Share Program 2015**

The proposal regarding the Share Program 2015 has been prepared by the Remuneration Committee and 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 for 2014, note 27, and the company's website, [www.electroluxgroup.com](http://www.electroluxgroup.com). In addition to the programs described, no other share related incentive programs have been implemented in Electrolux.

### **Item 16 – Acquisition and transfer of own shares**

Electrolux has previously, on the basis of authorisations by the Annual General Meetings, acquired own shares for the purpose of using these shares to finance potential company acquisitions and as a hedge for the company's share related incentive programs. As of January 1, 2015, Electrolux held 22,599,884 own B shares, corresponding to approximately 7.3 per cent of the total number of shares in the company.

The Board of Directors makes the assessment that it continues to be advantageous for the company to be able to adapt the company's capital structure, thereby contributing to increased shareholder value, and to continue to be able to use repurchased shares on account of potential company acquisitions and the company's share related incentive programs.

In view of the above, the Board of Directors proposes as follows.

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

The Board of Directors proposes the Annual General Meeting to authorize the Board of Directors, for the period until the next Annual General Meeting on one or several occasions, to resolve on acquisitions of shares in the company as follows.

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

The purpose of the proposal is to be able to adapt the company's capital structure, thereby contributing to increased shareholder value, and to be able to use repurchased shares on account of potential company acquisitions and the company's share related incentive programs.

The Board of Directors has issued a statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act.

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

The Board of Directors proposes the Annual General Meeting to authorize the Board of Directors, for the period until the next Annual General Meeting on one or several occasions, to resolve on transfers of the company's own shares in connection with or as a consequence of company acquisitions as follows.

1. Own B shares held by the company at the time of the Board of Director's decision may be transferred.
2. The shares may be transferred with deviation from the shareholders' preferential rights.
3. Transfer of shares may be made at a minimum price per share corresponding to an amount in close connection with the price of the company's shares on Nasdaq Stockholm at the time of the decision on the transfer.
4. Payment for the transferred shares may be made in cash, by contributions in kind or by a set-off of company debt.

**C. Transfer of own shares on account of the share program for 2013**

The Board of Directors proposes, on account of the share program for 2013, that the Annual General Meeting resolves that the company shall be entitled, for the period until the next Annual General Meeting on one or several occasions, to transfer a maximum of 400,000 B shares in the company for the purpose of covering costs, including social security charges, that may arise as a result of the aforementioned program. Such transfers may take place on Nasdaq Stockholm at a price within the prevailing price interval from time to time.

**Majority requirement**

In order for the resolutions by the General Meeting in accordance with the Board of Directors' proposals in item 16 above to be valid, the resolutions must be accepted by shareholders holding no less than two thirds of the votes cast as well as the shares represented at the General Meeting.

**Shares and votes**

There are in total 308,920,308 shares in the company of which, as of February 17, 2015, 8,192,539 are A-shares, each carrying one vote, and 300,727,769 are B-shares, each carrying one-tenth of a vote, corresponding to in total 38,265,315.9 votes. As of the same date the company holds 22,599,884 own B-shares, corresponding to 2,259,988.4 votes that may not be represented at the General Meeting.

**Information at the AGM**

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group. Shareholders wishing to submit questions in advance may send them to AB Electrolux, Attn: Office of the General Counsel, SE-105 45 Stockholm, Sweden.

**Documents**

The Annual Report (including the Board of Directors' statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act relating to the proposal under item 10 above), the Auditor's Report, the Auditor's statement pursuant to Chapter 8, Section 54 of the Swedish



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Companies Act regarding the remuneration guidelines for the group management, the Board of Directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act relating to the proposal under item 16 a) above will be available at the company, AB Electrolux, C-J, SE-105 45 Stockholm, Sweden and on the Group's web site, [www.electroluxgroup.com/agm2015](http://www.electroluxgroup.com/agm2015), as from February 27, 2015. The documents will also be sent to shareholders who so request and state their address. In respect of the other items, complete proposals are provided under the respective item in the Notice.

Stockholm in February 2015  
AB Electrolux (publ)  
THE BOARD OF DIRECTORS