

Press Release

Stockholm, April 6, 2006

Proposal on distribution of shares in Husqvarna AB to AB Electrolux shareholders

An English version of the prospectus on the proposed distribution of shares in Husqvarna will be available at www.electrolux.com/ir. A brochure with information on Husqvarna and the spin-off will be sent to all shareholders.

As previously announced the Electrolux Board of Directors decided in February 2005 that the Group's operation in Outdoor Products should be spun off as a separate unit and distributed to shareholders in a cost-efficient manner. Work on separating this operation has been in progress since then. It has also been announced that the Board of Directors now proposes that the shareholders at the Annual General Meeting on 24 April 2006 authorize, in addition to a dividend of SEK 7.50 per share, distribution of all shares in the wholly-owned subsidiary Husqvarna to Electrolux shareholders.

The Dividend of the Husqvarna shares in Brief

Under the so-called Lex ASEA rules, the distribution of Husqvarna shares is exempt from tax in Sweden, both for Electrolux and the shareholders in Electrolux. The dividend is proposed to be distributed in proportion to each individual shareholder's holding in Electrolux. For each series A share in Electrolux, one series A share in Husqvarna will be received and for each series B share in Electrolux, one series B share in Husqvarna will be received. Following the distribution, the Husqvarna shares are intended to be subject to trading on the O-list of the Stockholm Stock Exchange. The shareholders in Electrolux will receive the shares in Husqvarna without any additional measures being required.

Subsequent to the public announcement of the Board's above mentioned proposal, one of the major shareholder the Second Swedish National Pension Fund presented an alternative proposal for distribution of the shares in Husqvarna, according to which all shares in Husqvarna would have the same number of votes, and one share in Electrolux irrespective of voting rights would entitle the shareholder to one share in Husqvarna. This proposal can be presented at the AGM on 24 April 2006.

The Board of Directors does not support the proposal by the Second Swedish National Pension Fund and has issued a statement regarding it. The Board of Directors is of the opinion that its proposal complies better with the Swedish Companies Act, in the sense that it does not impair the position of any of the owners. The Board's full statement is available at www.electrolux.com/ir.

Record day and listing day

The record day with VPC AB in order to receive shares in Husqvarna, and the first day of listing of the Husqvarna share on the Stockholm Stock Exchange's O-list are intended to take place during the second week of June 2006. The exact record day and the first day of listing will be announced by way of a press release, which is estimated to be published at the end of May 2006.

Summary of Husqvarna pro forma financial statements

The consolidated pro forma financial statements given below have been compiled in order to illustrate the financial position of the Husqvarna Group, which is currently being formed, if the Group had been established and capitalized as of January 1, 2005 for the pro forma income statement, and December 31, 2005 for the pro forma balance sheet.

Pro forma income statement

SEKm	2005
Net sales	28,768
Cost of goods sold	-21,109
Gross operating income	7,659
Other operating expenses	-4,788
Operating income	2,871
Financial items, net	-479
Income after financial items	2,392
Taxes	-789
Income for the period	1,603

Pro forma balance sheet

SEKm	2005
Property, plant and equipment	3,846
Intangible assets	2,182
Deferred tax assets	756
Financial assets	175
Inventories etc.	6,264
Trade receivable and other receivables	3,325
Other current assets	700
Liquid funds	1,000
Total assets	18,248
Equity	4,717
Non-current liabilities	7,731
Current liabilities	5,800
Total equity and liabilities	18,248

Key data¹⁾

Mkr	2005
Operating margin, %	10.0
Net assets, SEKm	10,017
Return on net assets, %	25.2
Net debt, SEKm	5,300
Net debt/equity ratio	1.12
Net debt/EBITDA	1.4
Equity/assets ratio, %	25.8
Number of shares ²⁾ ,	293,508,749
Earnings per share, SEK	5.46
Equity per share, SEK	16.07

1) For definitions see page 6.

2) Based on the latest figure for the number of shares providing entitlement to dividends in Electrolux.

Financing the new Group

Shareholders' equity in the Husqvarna Group has increased through the conveyance of companies and cash funds. Prior to its separation from Electrolux, Husqvarna will utilize the binding credit pledges received from a number of banks for additional financing of operations and for replacing intra-group liabilities and receivables

According to current plans, Husqvarna is planned to be financed with an unconditional shareholders' contribution of SEK 3.8 billion, affecting shareholders' equity, and with net borrowing of some SEK 5.3 billion.

The working capital requirement is linked to the seasonal build-up of inventories and trade accounts receivable during the first five months of the year. The cash flow is strong in the following seven months. Accordingly, the amount of working capital is dependent on this seasonal pattern. During the past three years, variations between the highest and lowest amounts of tied-up working capital have not exceeded some SEK 4 billion for the Husqvarna Group as a whole, and are not expected to exceed SEK 4.5 billion during 2006. To secure financing of this working capital requirement, confirmed credit lines amounting to a combined total of SEK 11 billion have been received from several banks. These credit lines have been dimensioned with due consideration for the new Group's projected debt in the beginning of 2006 and the seasonal build-up of working capital.

The credit lines are divided as SEK 8 billion with a maturity period of five years, with an option to extend for one plus one year, and SEK 3 billion with a maturity period of 27 months. All loans will carry variable interest rates.

Financial goals for Husqvarna

Growth in net sales

The Group's long-term goal is to achieve annual organic growth of approximately 5 % over the course of a business cycle. Husqvarna also aims at growth through complementary acquisitions.

Operating margin

Husqvarna's long-term goal is to achieve an operating margin of more than 10 % over the course of a business cycle.

Indebtness

The goal for Husqvarna's capital structure is in principle to receive a long-term credit rating corresponding to a level of at least BBB in accordance with the credit rating principles applied by Standard & Poor's or similar institutions. It is considered that this currently requires that the long-term seasonally adjusted net debt in relation to operating income before depreciation and amortization (EBITDA) does not exceed a multiple of 2.5.

Dividend policy

It is the intention of the Husqvarna Board to give shareholders a dividend that reflects a good direct yield as well as dividend growth, and to implement a policy in which the level of the dividend is linked to Husqvarna's earnings, financial position and other factors which the Board considers to be relevant. In the long term the annual dividend shall correspond to 25–50 % of the Group's net income.

Risk factors

A number of factors affect and may affect the operations in Husqvarna. There are risks regarding circumstances that are linked to Husqvarna and circumstances which are not directly linked to Husqvarna but which affect the industry where Husqvarna operates. For detailed description of the risk factors, please see the prospectus.

Summary of Electrolux pro forma financial statements

A pro forma income statement for Electrolux for 2005 and a pro forma balance sheet as of December 31, 2005 are given below. The pro forma financial statements have been compiled to illustrate the financial position of the Electrolux Group if the Husqvarna Group had been established and capitalized as of January 1, 2005 for the pro forma income statement, and December 31, 2005 for the pro forma balance sheet. The pro forma financial statements for Electrolux are based on the pro forma financial statements for Husqvarna that are given on the page 3.

Pro forma income statement

SEKm	2005
Net sales	100,701
Cost of goods sold	-77,289
Gross operating income	23,412
Other operating expenses ¹⁾	-22,467
Operating income	945
Financial items, net	-248
Income after financial items	697
Taxes	-914
Income for the period	-217

1) Of which items affecting comparability in the amount of SEK 2,980m.

Pro forma balance sheet

SEKm	2005
Property, plant and equipment	14,776
Intangible assets	3,918
Deferred tax assets	2,194
Derivative instruments	118
Financial assets	1,766
Inventories etc.	12,342
Trade receivable and other receivables	20,944
Other current assets	4,209
Liquid funds	4,043
Total assets	64,310
Equity	21,171
Non-current liabilities	17,628
Current liabilities	25,511
Total equity and liabilities	64,310

Key data¹⁾

	Including items affecting comparability	Excluding items affecting comparability
SEKm		
Operating margin, %	0.9	3.9
Net assets, SEKm	18,149	22,999
Return on net assets, %	5.0	17.6
Net debt, SEKm	-2,325	-2,325
Net debt/equity ratio	-0.1	-0.1
Net debt/EBITDA	-0.6	-0.4
Equity/assets ratio, %	32.9	41.9
Number of shares ²⁾	293,508,749	293,508,749
Earnings per share, SEK	-0.74	8.88
Equity per share, SEK	72.13	88.66

1) For definitions see page 6.

2) Based on the latest figure for the number of shares providing entitlement to dividends in Electrolux.

The relation between Electrolux and Husqvarna

The proposed distribution of Husqvarna entails that the operations of the Electrolux Group are divided. The fundamental basis for the division and the various agreements entered into between Electrolux and Husqvarna in connection with the separation is that Husqvarna is responsible for the Outdoor business and Electrolux is responsible for Electrolux other operations, the Indoor business. To this end Electrolux and Husqvarna have entered into a Master Separation Agreement and several subsidiary agreements.

The subsidiary agreements cover the following:

- Service agreements
- Intellectual property rights
- Tax sharing and Indemnity Agreement
- Insurance

Private letter ruling from the U.S. Internal Revenue Service

Electrolux has received a private letter ruling from the U.S. Internal Revenue Service (IRS) regarding the contemplated distribution of the shares in Husqvarna and the U.S. corporate restructurings preceding the distribution. The ruling confirms that these transactions will not result in any U.S. tax consequences for Electrolux, its U.S. subsidiaries or U.S. shareholders of Electrolux, provided the distribution of Husqvarna stock is completed no later than June 27, 2006. If the facts or representations on which the private letter ruling is based are found to be incorrect or incomplete in a material respect or if a material covenant is not met, the companies will not be able to rely on the IRS ruling. Additionally, future events that may or may not be within the control of Electrolux or Husqvarna, including extraordinary purchases by third parties of shares in Husqvarna or Electrolux, could cause the distribution of Husqvarna stock and the preceding U.S. corporate restructurings not to qualify as tax-free to Electrolux and/or holders of Electrolux stock. One example would be if one or more persons were to acquire a 50 % or greater interest in Husqvarna or Electrolux.

Electrolux has, as an Ancillary Agreement, concluded a Tax Sharing and Indemnity Agreement with Husqvarna. Pursuant to the agreement, Husqvarna and two of its U.S. subsidiaries have undertaken to indemnify Electrolux and its group companies for taxes that may arise in the U.S. in certain cases. However, Electrolux is responsible for certain taxes that may arise as a result of actions or omissions by Electrolux or its shareholders. If the distribution of Husqvarna stock or the preceding corporate restructurings were taxable in the U.S., then:

- 1) The consolidated group of which Electrolux U.S. will be the common parent would recognize a gain equal to the excess of the fair market value of the stock of Husqvarna Outdoor Products, Inc. and Husqvarna Professional Outdoor Products, Inc. on the date of the separation over the U.S. tax bases therein of the Electrolux U.S. group. Electrolux has not made an appraisal of these companies but it has reviewed the financials of other outdoor companies to determine an estimated valuation. Based upon such valuation we estimate that the resulting tax would be approximately 500 MUSD. Husqvarna's undertaking in the Tax Sharing and Indemnity Agreement covers these taxes in certain cases; and
- 2) Each US holder of Electrolux stock who receives shares of Husqvarna in the distribution would be treated as if the stockholder received a taxable distribution equal to the fair market value of the shares of Husqvarna received, taxed as a dividend to the extent of the stockholder's pro rata share of Electrolux's current and accumulated earnings and profits (including earnings and profits arising from the gain to Electrolux described in the following section) and then treated as a non-taxable return of capital to the extent of the holder's basis in the Electrolux stock and thereafter as capital gain from the sale or exchange of Electrolux stock. The Tax Sharing and Indemnity Agreement does not give the U.S. shareholders a right to claim indemnification for such taxes from Electrolux, Husqvarna or its subsidiaries.

For more information:

Electrolux press hotline +46 8 657 6507

The prospectus can be downloaded at www.electrolux.com/prospectus.

Order the prospectus via mail electrolux@strd.se or telephone +46 8 449 89 49.

Definitions

Operating margin	Operating income expressed as a percentage of net sales.
Net assets	Total assets excluding liquid funds and interest-bearing financial receivables, less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.
Return on net assets	Operating income expressed as a percentage of average net assets.
Net debt	Interest-bearing liabilities, less liquid funds and other financial assets.
Net debt/equity ratio	Net borrowings in relation to equity.
Equity/assets ratio	Equity as a percentage of total assets.
Earnings per share	Income for the period divided by the number of shares providing entitlement to dividends.
Equity per share	Equity divided by the number of shares providing entitlement to dividends in Electrolux.

The Electrolux Group is the world's largest producer of powered appliances for kitchen, cleaning and outdoor use, such as refrigerators, washing machines, cookers, vacuum cleaners, chainsaws, lawn mowers, and garden tractors. Every year, customers in more than 150 countries buy more than 55 million Electrolux Group products for both consumer and professional use sold under famous brands such as AEG-Electrolux, Electrolux, Zanussi-Electrolux, Frigidaire, Eureka and Husqvarna. In 2005, Electrolux had sales of SEK 129 billion and 70,000 employees.