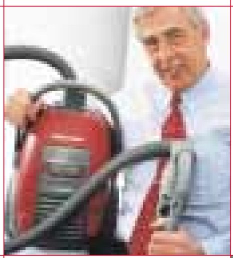
Electrolux
Annual Report 2000

Every year, **people** in more than
150 countries buy more than
55 million of our products.



Our goal is to make **daily life easier** and more convenient for **consumers** as well as **professional users.**

The Electrolux Group. The world's No.1 choice.

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Quarterly report, 3rd quarter	October 26

The above reports are available on request from AB Electrolux, Investor Relations and Financial Information, SE-105 45 Stockholm, Sweden. Tel. +46 8 738 60 03 or 738 61 41. Financial information from Electrolux is also available on the Internet at www.electrolux.com

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Electrolux

Michael Treschow President and Chief Executive Officer

Dear Shareholder,

I welcome the opportunity to share my views on Electrolux with you once again, although as you will see we have chosen a slightly different approach for this year's report.

The focus is still very much on how we create value for shareholders, customers and other stakeholders. But the way we tell the story is new.

In the first section of the report you'll find a comprehensive picture of Electrolux – its performance, its strategy and the context in which it operates. You'll also find my comments on various aspects of our operations and our future prospects.

As CEO it is both my responsibility and my pleasure to provide you with the information you need to understand Electrolux. I want you to have the full picture – after all, it's your company.

Michael Treschow

Michael Treschow
President and CEO

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The Electrolux Group

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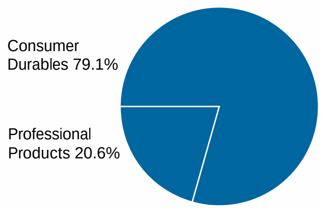
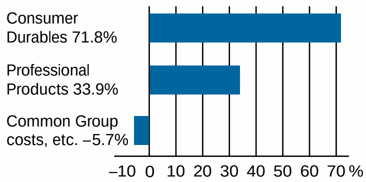
“Electrolux is a changed company.”

Group sales 2000: SEK 124,493m
Operating income 2000: SEK 8,050m[1)]

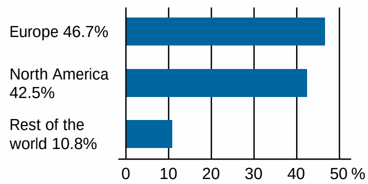
Net sales by business area



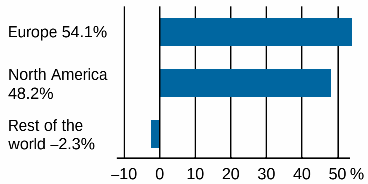
Operating income by business area[1)]



Net sales by geographical area



Operating income by geographical area[1)]



1) Excluding items affecting comparability.

With sales of SEK 124 billion in 2000, Electrolux is the **world’s largest producer of appliances** and equipment for kitchen, cleaning and outdoor use, such as refrigerators, cookers, washing machines, chainsaws, lawn mowers and garden tractors. Electrolux is also one of the world’s largest producers of similar equipment for professional users.

Today, Electrolux is **a focused company with two business areas** – Consumer Durables and Professional Products. Both areas include products and services for indoor and outdoor use.

“We’re proud to be the world’s No.1 choice.”

Every year consumers in more than **150 countries** buy more than **55 million Group products,** which are sold under the Electrolux brand or other famous brands such as AEG, Zanussi, Frigidaire, Eureka, Flymo and Husqvarna.

By continuously increasing efficiency, developing innovative products and improving customer care, Electrolux shall be a company with good growth and profitability. A company that **creates value** for shareholders as well as for consumers, business partners and employees.

Becoming a **market-driven** company involves doing our utmost to make daily life more convenient for consumers and professional users.

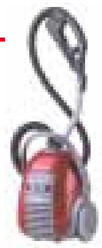
Which is perfectly logical for a company that is the world’s No.1 choice.

Leading positions in global markets

Consumer Durables

Indoor Products
White goods
Vacuum cleaners
Room air-conditioners

MARKET POSITION
White goods
Market leader in Europe,
third largest producer in US,
second largest in Brazil.

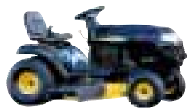


Floor-care products
World leader, largest producer
in Europe, second largest in US.

Electrolux
AEG
FRIGIDAIRE
ZANUSSI
EUREKA VACUUM CLEANERS
Kelvinator

Outdoor Products
Light-duty chainsaws
Garden equipment

MARKET POSITION
World's largest producer
of such items as lawn mowers,
garden tractors and trimmers.

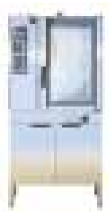


Flymo
PARTNER
Poulan
WEED EATER
McCULLOCH

Professional Products

Indoor Products
Food-service equipment
Laundry equipment
Leisure appliances
Components

MARKET POSITION
Food-service equipment
Market leader in Europe,
second largest in the world.
Laundry equipment
World leader in equipment
for apartment-house laundry
rooms, launderettes, hotels
and institutions.
Leisure appliances
World leader in absorption
refrigerators for caravans
and hotel rooms.



Components
World's largest producer of compressors
for refrigerators and freezers.

Electrolux
ZANUSSI PROFESSIONAL
Electrolux Wascator
MOLTENI
Dometic

Outdoor Products
Chainsaws
Clearing saws
Trimmers
Turf-care equipment
Power cutters

MARKET POSITION
World's largest producer
of chainsaws and trimmers.

Husqvarna
Jonsered
PARTNER INDUSTRIAL PRODUCTS

Internet

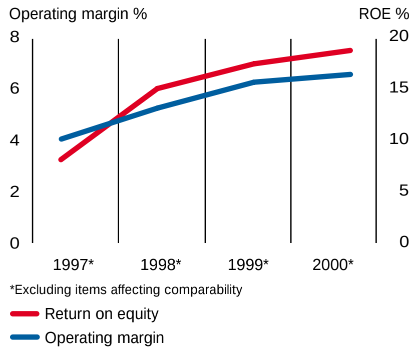
“Today, Electrolux is more efficient and more profitable.”

Since 1997 we have implemented an **extensive restructuring program** that has increased efficiency and reduced costs.

We have also **divested 14 non-core operations** which together accounted for annual sales of more than SEK 20 billion, operating income of about SEK 1 billion, and about 22,000 employees.

Work on restructuring the Group and improving internal efficiency is continuing at high speed. But at the same time we are **positioning the Group for growth,** which means that we are now entering a new and more dynamic phase of expansion.

Operating margin and return on equity, 1997–2000



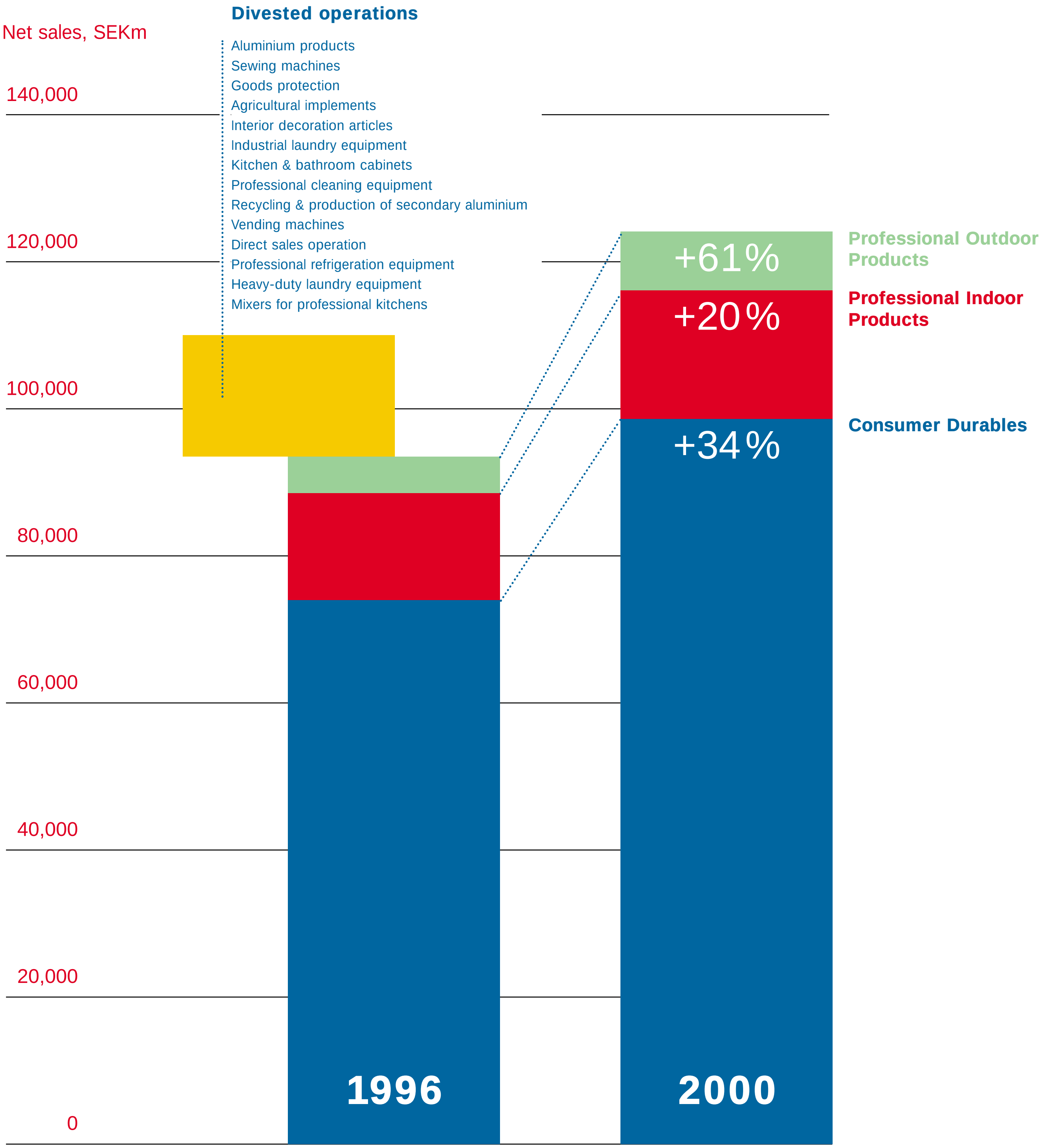
When the restructuring program was launched the Group’s operating margin was 4%, excluding items affecting comparability. During the next 14 consecutive quarters the Group reported higher operating income and margin than in the same quarter of the previous year.

“It’s profitability that defines a company’s success.”

When the program was launched our aim was to reach the Group’s long-term financial goal of an operating margin of 6.5–7% and a return on equity of at least 15%. **We have met these targets.**

For the full year 2000, operating margin was 6.5% and return on equity was 18.5%, exclusive of items affecting comparability. This was the highest margin for the Group on an annual basis since 1985.

Restructuring and streamlining



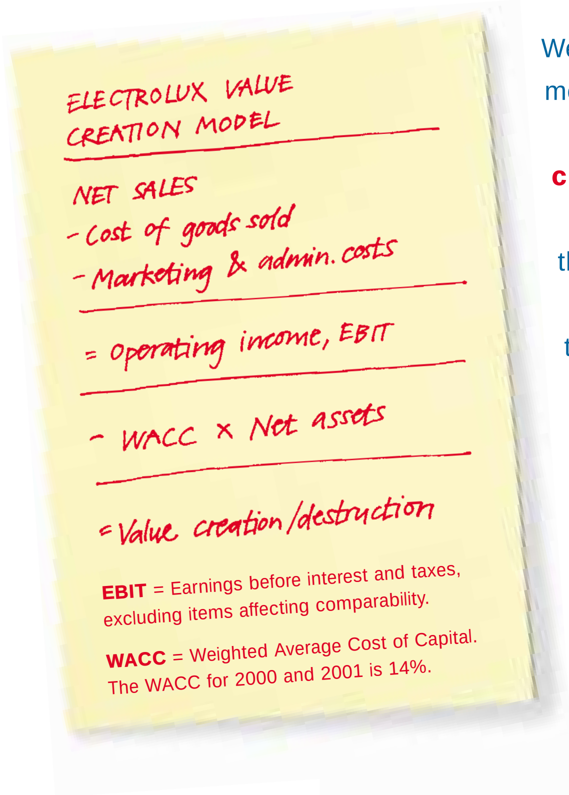
Extensive restructuring

The restructuring program and other adjustments 1997–1999 involved a reduction of approx. 13% in the total number of employees, as well as the shutdown of 18% of the Group's plants and 17% of the warehouses.

Growth in core areas

During 1996–2000 sales in the Group's core areas grew from SEK 93.9 bn to SEK 124.1 bn.

“Value creation is our measure of performance within the Group.”



We have used a model for value creation internally since 1998 and are measuring performance by sector, product line and region.

The goal is to achieve **average annual growth in value created of at least SEK 1 billion** for the period **2000–2002.**

The best way to create value is to increase sales without increasing the assets employed in operations. That is why we focus on growth.

But we also have to drive down costs, improve the rate of capital turnover, and rationalize assets that don’t generate sufficient returns.

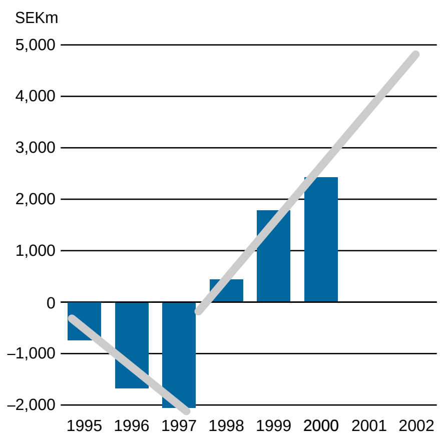
The improvement in value creation that we want to achieve up to year-end 2002 has to be driven mainly by greater internal efficiency, which will generate higher margin.

Value drivers

	Components	Activities
Sales growth	Organic growth Customer mix Acquisitions	Customer care Product management, R&D New brand policy Marketing Territory management
Higher operating margin/lower cost	Cost reductions Improved product mix	SG&A costs New pan-European structure Demand flow/supply chain New products/ product platforms
Asset efficiency	Group structure Asset turnover Asset mix	Divestments Rationalization Make or buy Reduce working capital

We have reversed the trend

Value creation



In 1997–2000 the Group achieved average annual growth in value created of slightly more than SEK 1 billion.

“In 2000 we had three strong quarters, but a disappointing fourth …”

Sales for comparable units rose by 4% after adjustment for exchange-rate effects. Excluding items affecting comparability, operating income improved by 8%, and income after financial items by 10%. **Net income per share rose by 16%.**

Income for the full year improved less than expected. This was mainly due to weaker demand in our main markets during the second half, as well as increased pressure on prices. Higher costs for materials in Europe also had a gradual adverse effect. Operating income for the fourth quarter was lower than in the same quarter in 1999.

In the fourth quarter we made a provision of SEK 883m for adjustments in 2001 within Consumer Durables in both Europe and North America.

Value created during the year amounted to SEK 2,423m, which was SEK 641m more than in 1999.

- Slower growth in demand in Europe and the US in second half, increased price competition, higher costs for purchased materials
- Good income growth during first three quarters, income in fourth quarter down from 1999
- Continued good growth in sales and income in North America, lower income in Europe
- Provision of SEK 883m in fourth quarter for alignment of organization and other adjustments in 2001 within Consumer Durables
- Acquisition of rights to Electrolux brand in North America
- Agreement for acquisition of Email Ltd, Australia’s largest appliance company.

Key data

Amounts in SEKm, unless otherwise stated	2000	1999	2000 Excluding items affecting comparability [1]	1999 Excluding items affecting comparability [1]	Change
Net sales	124,493	119,550	124,493	119,550	4%
Operating income	7,602	7,204	8,050	7,420	8%
Margin, %	*6.1*	*6.0*	*6.5*	*6.2*	
Income after financial items	6,530	6,142	6,978	6,358	10%
Net income	4,457	4,175	4,762	4,200	13%
Net income per share, SEK [2]	12.40	11.40	13.25	11.45	16%
Dividend per share, SEK	4.00 [3]	3.50	4.00 [3]	3.50	14%
Value creation	–	–	2,423	1,782	641
Return on equity, %	17.3	17.1	18.5	17.2	
Return on net assets, %	19.6	18.3	20.0	18.4	
Net debt/equity ratio	0.63	0.50	0.63	0.50	
Capital expenditure	4,423	4,439	4,423	4,439	
Average number of employees	87,128	92,916	87,128	92,916	–6%

[1] Items affecting comparability amounted to SEK –448m in 2000 and SEK –216m in 1999.
[2] In 2000, based on an average of 359,083,955 shares after buy-backs (366,169,580).
[3] Proposed by the Board.

“… higher income for Consumer Durables and Professional Outdoor.”

We continued to achieve **good growth in sales and income** in all product areas **in North America,** where we enlarged our market shares. I am also glad to report that Consumer Durables outside Europe and North America achieved positive operating income, after a considerable loss in the previous year.

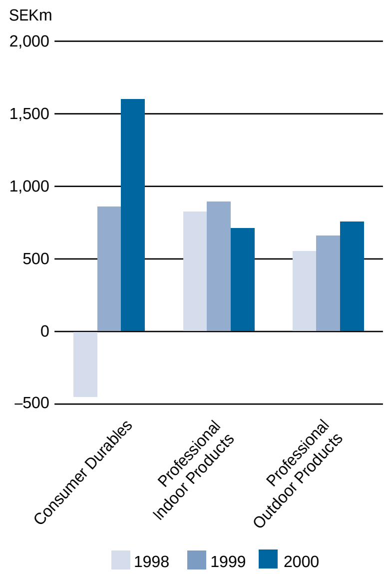
The performance of white goods in Europe was a disappointment, however, with lower income and margin despite good volume growth. This resulted partly from increased pressure on prices and higher costs for materials, mainly during the second half, and also from a less favorable mix in terms of products, countries and customers. The costs of establishing a new pan-European organization also had an unfavorable effect.

The **downturn in operating income for Professional Indoor Products** was primarily a result of divestments, and lower volumes for laundry equipment resulting mainly from production delays related to the launch of a new product range. A substantial downturn in income for compressors in China and Egypt during the second half of the year also had an adverse effect.

Professional Outdoor Products achieved continued **high growth in sales as well as income,** and also reported a somewhat better margin. Contributing factors included the strong dollar and a large volume of exports of chainsaws from Sweden to North America.

Both Consumer Durables in Europe and Professional Indoor Products reported lower value creation in the second half of the year than in 1999.

Value creation by business area, 1998–2000



Consumer Durables generated the largest increase in value creation for the period 1998–2000, which mainly refers to North America and Rest of the world.

Electrolux

Change in sales, operating income and value creation from 1999

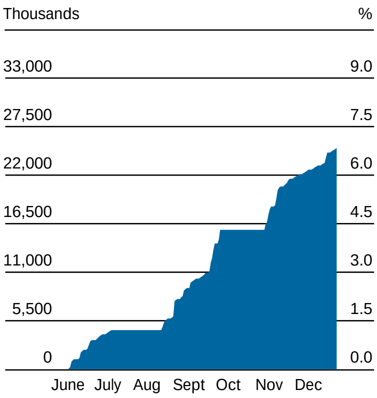
Consumer Durables	Share of Group sales	Sales	Operating income	Value creation
Europe	34%	→ 0%	↓ −11%	↓ −19%
N America	37%	↑ +12%	↑ +24%	↑ +61%
Rest of world	7%	↑ +21%	↑ N/A	↑ +24%
Professional Products				
Indoor	14%	↓ −14%	↓ −17%	↓ −20%
Outdoor	6%	↑ +13%	↑ +17%	↑ +14%

Share data.

The decline in the trading price of **Electrolux shares** during 2000 was a disappointment, but it was in line with trends for many other companies in the appliance and consumer durables sectors.

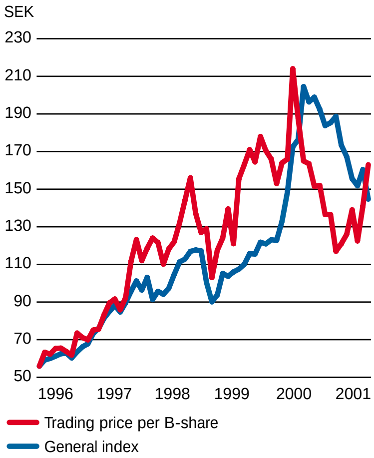
Following authorization by the AGM in April, we launched a program for repurchasing our own shares. The program authorizes buy-backs maximized to 10% of the total number of outstanding shares, or about 36.6 million, during the period up to the AGM in 2001.

Repurchase of own shares



By year-end 2000 Electrolux had repurchased 25 million shares, representing 6.8% of the total number, for a total of approximately SEK 3.2 billion.

Trading price of Electrolux B-shares, 1996 – Feb 2001



The trading price of Electrolux B-shares declined in 2000 from SEK 214 to SEK 122.50. On February 20, 2001, the final trading price was SEK 163.

Outlook for 2001.

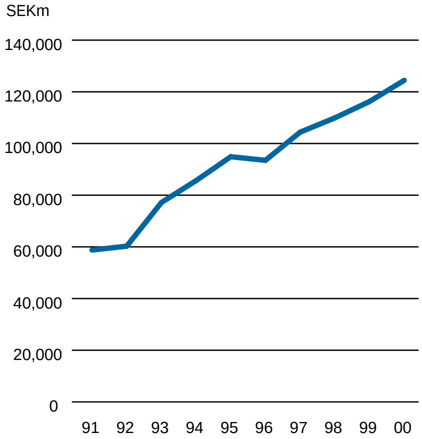
Market conditions in 2001 are difficult to predict, particularly in the US, where demand began to decline in the latter part of 2000.

Demand in Europe, Latin America and Asia is expected to show continued growth.

In the light of the above market conditions and on the basis of internal cost adjustments the Group should achieve improvements in income and value created for the full year 2001.

“We’re developing a strategy for profitable growth.”

Net sales 1991–2000, excluding divestments



Average annual sales growth for Electrolux in 1990–2000 was 8%, including acquisitions and adjusted for divestments.

There is still **plenty of room for improvement** when it comes to efficiency and the way we run operations. **This applies to the entire chain, from suppliers to end-users.**

Greater efficiency will free resources for investments in areas like product development, marketing, customer care and other ways of generating growth.

Electrolux has good prospects for expansion. Our primary aim is to grow organically, at a higher rate than the market. There are also opportunities for acquisitions in several areas.

In order to be successful in the competitive Consumer Durables product areas, i.e. major appliances, floor-care products and garden equipment, we must:

- Increase **interaction with consumers** to better understand their needs
- Increase the rate of **product renewal, and reduce time to market**
- **Implement our new brand strategy, i.e. improve brand management** and concentrate on brands that create value for the Group
- **Drive down costs in the supply chain** and **improve customer service,** to become the preferred supplier to retailers
- **Rationalize our purchasing** base, and drive down costs through closer interaction with suppliers, and become their first choice
- Apply **effective processes** in order to improve internal efficiency.

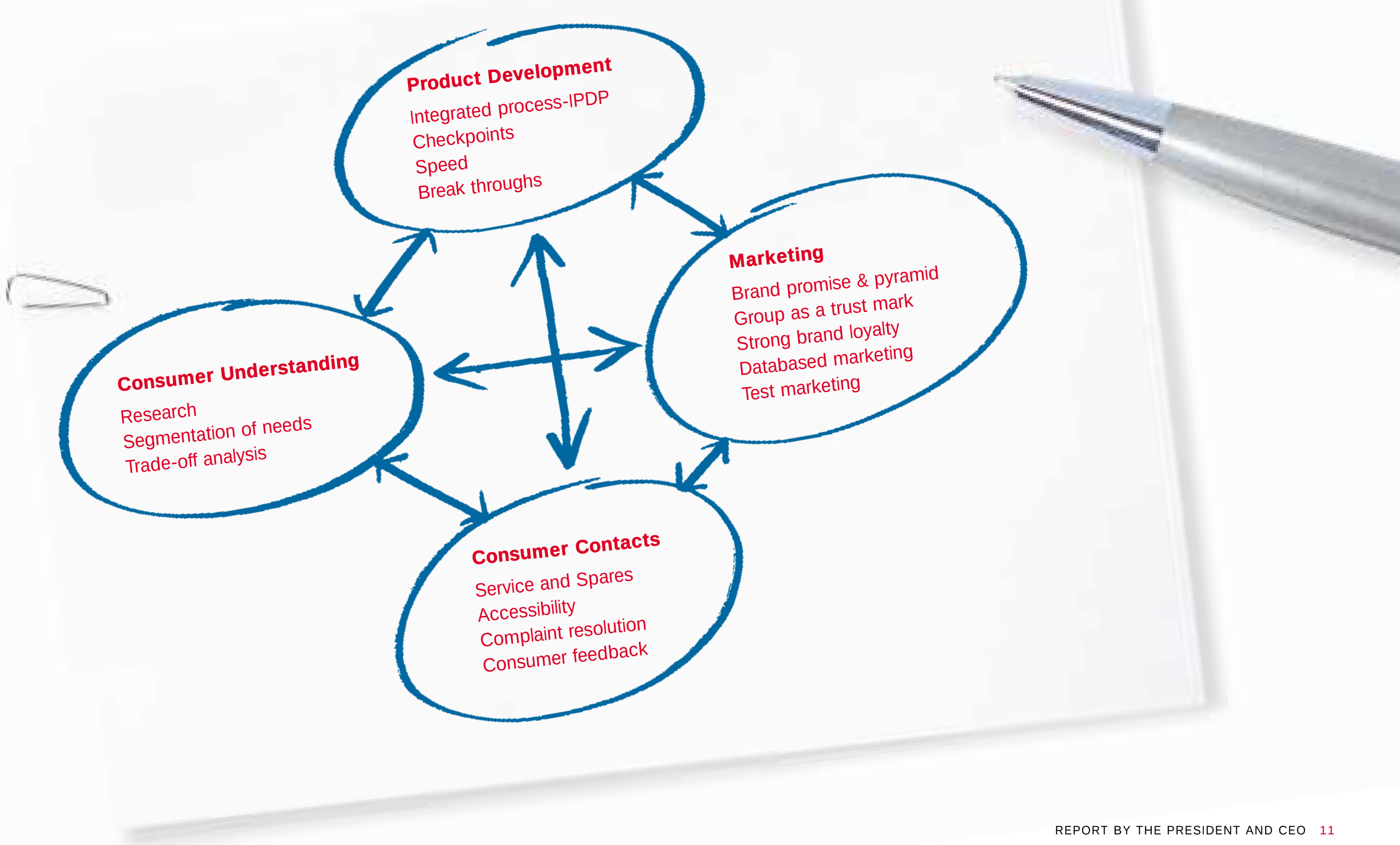
“… and it all starts with value for consumers.”

We are **learning more about the values, needs, habits and demands of consumers** and will use this knowledge to **develop products for different market segments.** Attractive products in combination with better marketing and stronger brands will lead consumers to ask for our products in the store.

The **Internet** is changing the patterns of consumer behavior and making the market more transparent. But it also enables new ways of **communicating directly with consumers.** Our web-based facilities are already playing an important role in providing consumers with the information they need about our products.

Demand for service and consumer information on the Web is also increasing rapidly. In 2001 we will open 50 new home pages for different Electrolux brands in 23 countries, with detailed product information and interactive functions.

We do not intend to start selling products directly to consumers on the Internet. Instead our aim is to develop new sales concepts in close cooperation with retailers.



“A higher rate of product renewal is essential for growth.”

Prototype of the world’s first robot vaccum cleaner.

Consumers buy new appliances mainly when the old ones need to be replaced, or when they move to a new home. We must give them reasons to change their appliances more often.

A higher rate of product renewal and reduced time to market are essential factors for achieving growth. Our experience shows that new and innovative products contribute to higher sales and improved profitability.

The Group’s large volumes provide a good base for product development. We are now working on making the development process more effective.

Improved **function,** better **design,** and **innovation** are key words for our product development. Other drivers for product development include criteria for better environmental performance and lower cost of use.

The battery-driven Auto Mower from Husqvarna cuts the lawn automatically.

The new generation of washer extractors from Electrolux Wascator can be mounted on a base frame for easier loading.

The Zoe washing machine represents a new design language for household appliances.

The Oxygen vaccum cleaner has an ergonomically curved “Back-saver tube.”

“The home of the future is not going to be a copy of the past …”

Information technology is starting to become an integral part of the home. In 1999 we developed Screenfridge, an “intelligent” multifunctional refrigerator, which is on the front edge of this trend. Screenfridge offers **sophisticated technology and many user benefits,** and is featured in some of the first networked homes in Europe.

In Denmark, a current pilot project involving 50 families who have Screenfridge is aimed at evaluating the **smart home** and the way consumers use electronic home services. The project is being run by Tele Danmark and e2 Home, a company owned jointly by Electrolux and Ericsson.

Major development projects

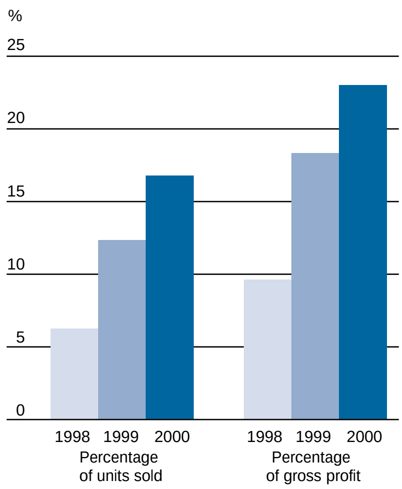
- e2 Home, a joint venture of Electrolux and Ericsson, established in 1999 to develop products for the intelligent home.
- Pilot project in Denmark involves 50 households who use Electrolux Screenfridge for 5 months to evaluate networked living and use of electronic home services.
- First commercial orders for Screenfridge received in 2000, for 126 apartments and 6 detached houses in Stockholm – the first intelligent homes to be built in Europe.
- Since 1999, cooperation with Toshiba of Japan has included development of basic technology for white goods and floor-care products, as well as electronic components and control systems.
- In 2000, investment of SEK 798m was completed for a new range of refrigerators in the US with 30 % lower energy consumption, to be launched in 2001.
- Major current investment projects include new series of washing machines and frost-free refrigerators for the European market, as well as a new high-efficiency compressor.
- The share of total investment referring to new products is rising steadily, and now amounts to almost 30 %.

The Electrolux ER 8100B was named the most energy-efficient European refrigerator/freezer in 2001, in a competition arranged by energy authorities in 10 countries within the framework of the Energy+ procurement program.

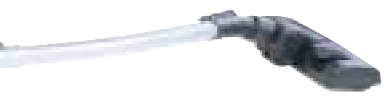
The Electrolux Screenfridge can suggest dinner recipes, store shopping lists and record messages with its video camera. It can connect to the Internet, and can also be used as a TV or a radio.

At the start of 2001 the Group showed a prototype of an Unattended Delivery Unit with separate compartments for refrigerated, frozen and dry items, designed to be placed outside the home to receive delivery of purchases.

Green range
White goods Europe, 1998–2000



Within white goods in Europe, the products with the best environmental performance accounted for 17% of the total units sold in 2000, and 23% of gross profit.



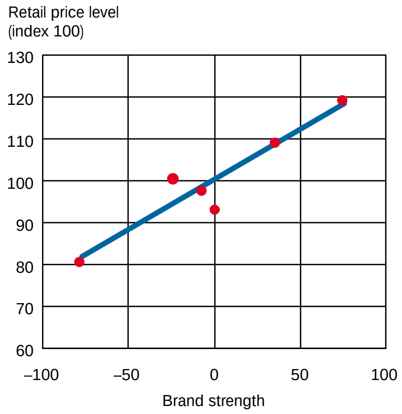
“Strong brands that consumers want to buy and retailers want to sell …”

Electrolux has a portfolio of **powerful brands.** The new brand policy that was established in 1998 means that we will **focus on fewer brands and make those bigger and stronger.** We are also implementing a family branding strategy, with the Electrolux Group endorsing our various product brands.

To help us manage our brands better and concentrate on those that create value for the Group, we have introduced systematic and uniform consumer research that measures our brands across markets. Among other things, these measurements show how well consumers know our brands, how they perceive our price levels in comparison with the competition, and how likely they are to buy our brands. The measurements also indicate the strength of our brands relative to our competitors.

This research shows that in most key markets, such as France, Germany, Italy, the UK and Scandinavia, the Group has brands that rate among the top three. The challenge is to build on this strength and improve our positions.

Strong brands create value



The Brand Scorecard provides data for the Group on brand familiarity, brand power, brand value and brand loyalty for own and competitors brands.

The research data show that consumers pay more for strong brands. In the example above from a major European market a 10% increase in brand strength corresponds to a 7% increase in retail price.

“The launch of the new AEG washing machine last year is a good example of how consistent positioning and marketing can generate higher sales and market share.”

The new AEG Öko-Lavamat 88830 washing machine was launched during 2000 in 15 European countries. The launch enabled AEG to strengthen its market share in washing machines.

The bear symbolizes the product’s combination of strength in terms of the highest spin cycle speed (1800 rpm), and gentleness in the special care programs. The advertising campaign won several creative awards in Europe.

“Major appliances and outdoor products are attractive for retailers…”

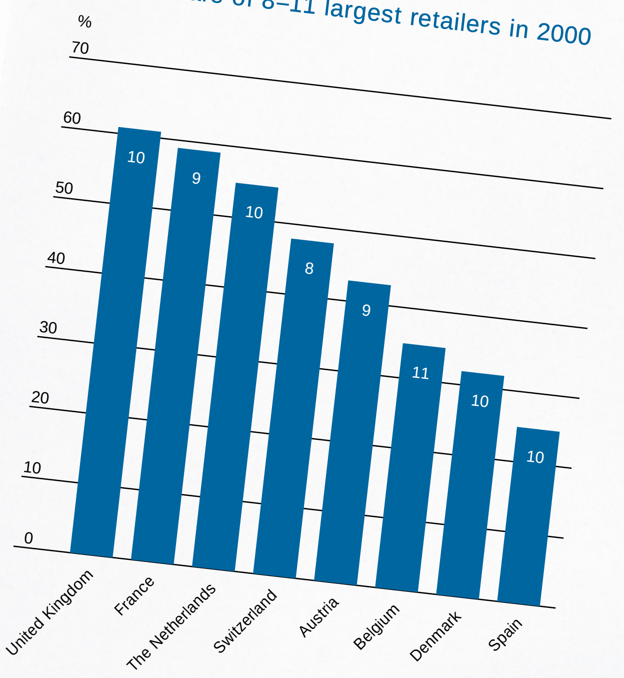
Market research show that **major appliances and outdoor products** are attractive **categories for retailers.**

There is a trend towards globalization in the retail sector, which means **fewer, bigger and more international retail chains.** This trend is accelerating, particularly in Europe.

As these **retailers are consolidating their supplier base this trend favors large producers with pan-European service,** strong brands and a broad product range. Assuming that we can provide services that keep our customers satisfied, consolidation will be good for Electrolux. But this means that we must improve our demand flow and our cost structure.

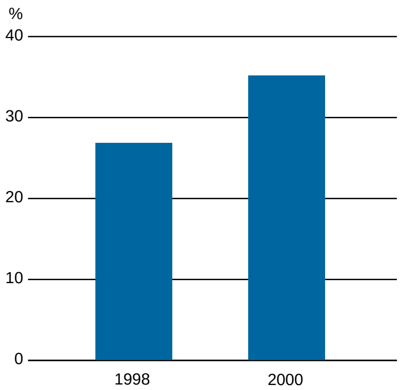
In 2000 we lost speed in terms of creating a more integrated pan-European structure for our European appliance organization. The new management of Electrolux Home Products in Europe is now taking the necessary action for accelerating this process.

Retail structure in Europe
Market share of 8–11 largest retailers in 2000



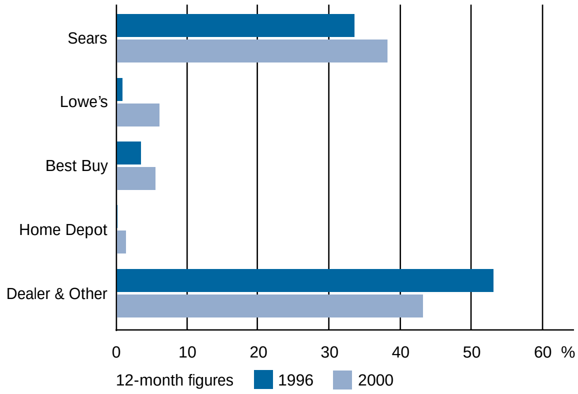
The graph shows the total market share of the 8–11 largest retailers of core appliances in each country.

Group sales to top 20 accounts



In recent years the Group’s key accounts have grown faster than the market.

Retail share, USA
Core appliances



In the US, the three largest retail chains account for almost 50% of sales of core appliances.

“Today, competition involves the entire supply chain.”

Since 1997, Electrolux Home Products in North America has substantially improved income and profitability for major appliances. This has been based mainly on closer cooperation and increased exchange of information with customers and suppliers, which has enabled more efficient handling and integration of flows.

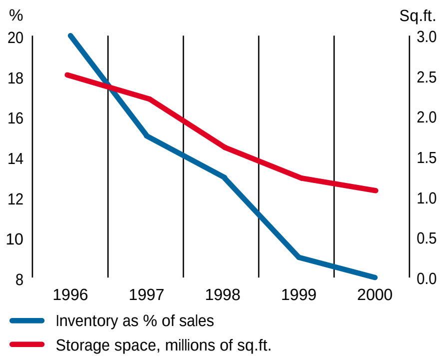
We are currently transferring experience and expertise from the US to Europe. The European market is more complex in terms of consumer preferences and product offerings, and the European retailing sector is still more fragmented, but there is a big potential for improving the supply chain.

By working in a new way with our customers and building partnerships, we can eliminate inefficiencies and cut costs together. We are changing our structure, and in the new organization for Electrolux Home Products in Europe as of 2001, management of flows and logistics will be a specific area of responsibility.

Our goal is to substantially reduce the cost of selling and administration, i.e. SG&A, over the next few years, both in Europe and the US.

At the Group’s refrigerator plant in Anderson, South Carolina, USA, production has risen from 3,200 units per day to 5,850, an increase of 83%, without any major new investments. The number of units produced per employee has risen from 2.7 per day to 4.1.

Positive inventory trend, USA

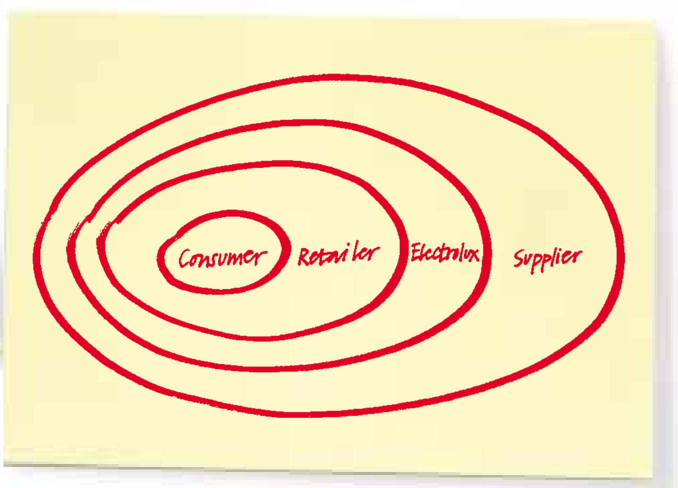


Sales of white goods in North America rose by about 35% in 1997–2000, while inventories were reduced from 20% to 8% of sales. Costs have been substantially reduced throughout the supply chain.

Old supply chain

New supply chain

- Customer-specific alignment
- Collaborative and systematic
- Fast, dynamic and agile



“In purchasing, we focus on total cost, not price…”

Total purchasing in 2000 amounted to more than SEK 85 billion, which corresponds to almost 70% of Group sales.

Both the purchasing organization and purchasing management have changed substantially over the past few years. In 1998, we set up a new organization with global buyers and a Group Purchasing Council that includes the purchasing heads of all business sectors.

In 2000 we introduced a common purchasing process for all business sectors. A set of new tools has been developed and implemented, and includes measurement of the total performance of a supplier in terms of e.g. quality, technology capabilities, lead-time and total cost.

The new organization and the common process enable the Group to make transparent purchasing decisions, and also maximize the benefits of the Group’s size across all operations. Careful attention to the total cost of the supply chain through increasing global consolidation of purchasing together with supplier partnerships will continue to deliver additional cost savings for the Group.

The new process is already generating savings. For example, the Group previously had more than twenty different suppliers of ball bearings. By coordinating purchasing we have reduced the cost of bearings by more than 15%, and the number of suppliers has been cut to three.

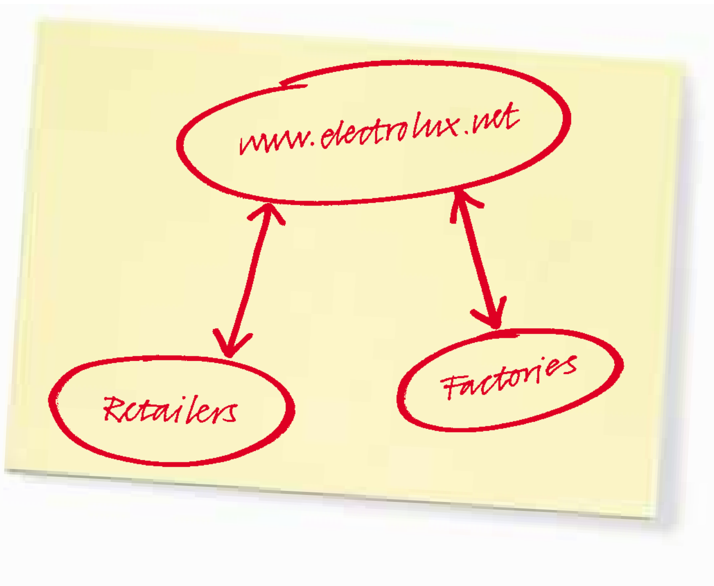
Internet in the supply chain

At www.electrolux.net, customers in a number of markets can place orders, check order status and available stocks, and browse product catalogues – round the clock, 365 days a year.

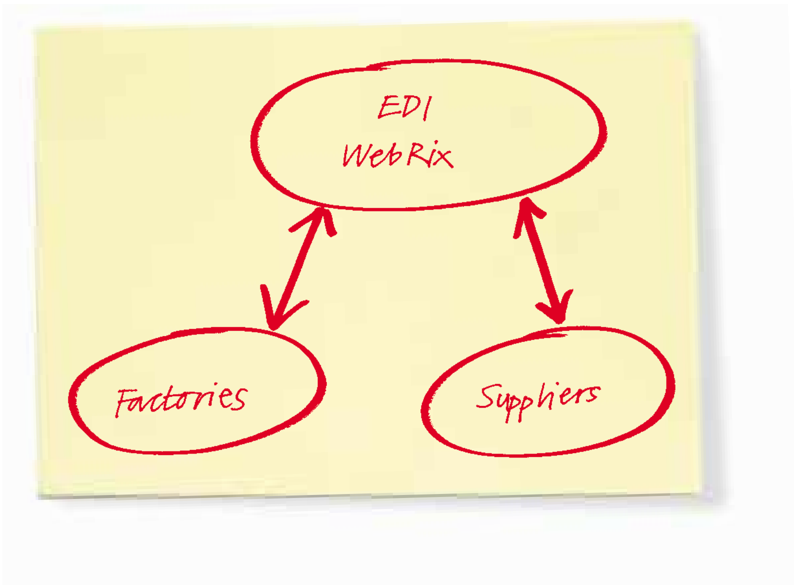
WebRix enables suppliers to connect to the Group’s internal systems for cost-efficient exchange of information. In Sweden, more than 85% of the Group’s suppliers now use either WebRix or other interfaces for EDI (Electronic Data Interchange), which means reduced inventories and lower transaction costs for the Group.

When the Electrolux information systems are fully inter-connected, the flow of information through the entire supply chain will be fully transparent.

Connecting customers



Connecting suppliers



“Leadership is about producing results.”

In response to the severe competition in our industry we must **continuously improve our performance,** which means that all our personnel have to meet criteria for performance.

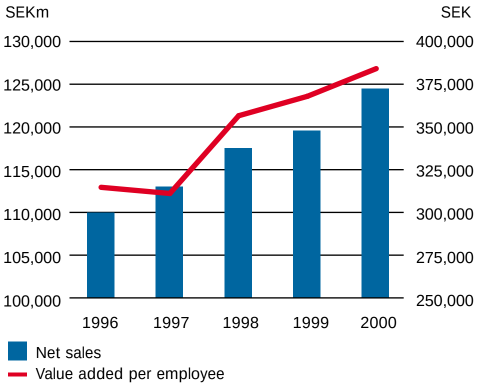
In order to recruit talented and capable people, Electrolux must be an attractive employer who offers interesting jobs in a dynamic environment.

One of my most important tasks is to ensure that the Group has the right leadership. Ensuring the recruitment and development of managers is decisive for the company’s future growth and profitability.

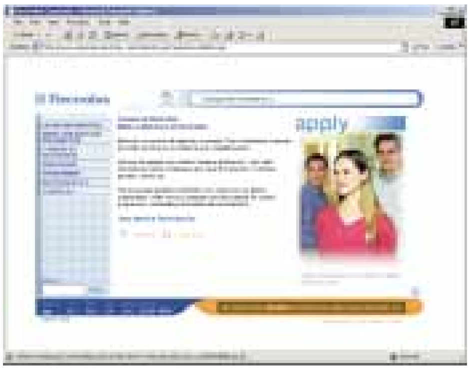
We also have to ensure that we have **all the competence needed to reach our goals.** This involves new criteria for the processes we use to recruit, develop and reward our personnel.

With the aim of focusing on value creation, since 1998 we have phased in a **value-based system of rewards** for 350 top managers that is linked to the Group’s model for value creation.

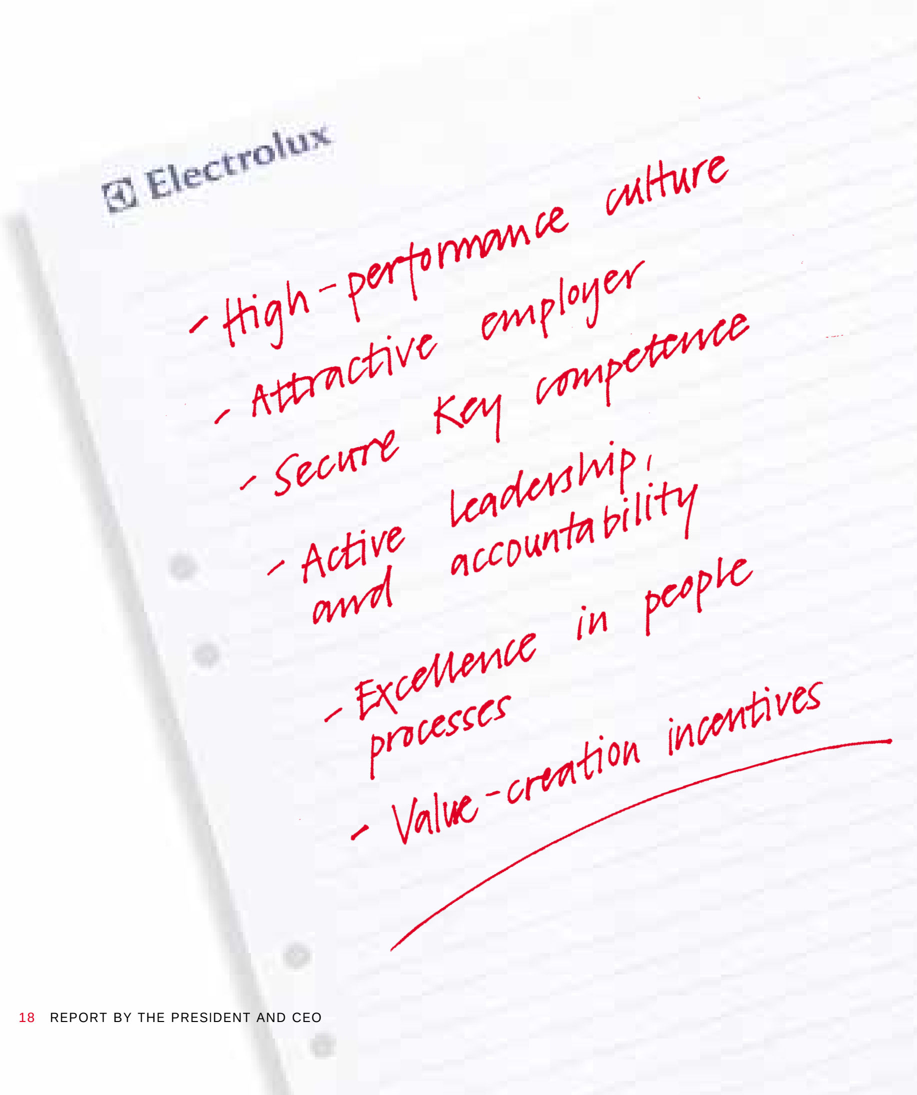
Sales & value added per employee



Value added per employee rose by an annual average of 5% during the period 1996–2000.



Since 1999, Electrolux has had an open internal labor market for all vacant managerial positions in order to encourage mobility. In 2000, 533 job vacancies in 23 countries were announced.



“Our six internal processes are keys to efficiency.”

In order to ensure a systematic approach to improving our efficiency we have identified **six core processes** that are common to the entire organization, in areas where improvement is strategically vital.

Substantial cost savings can be achieved in handling flows efficiently and in purchasing.

With this review of the Group’s strategy, I hope I have been able to show you that Electrolux today is a changed company, and can become even more successful and profitable – a company that can truly live up to being **“The world’s No.1 choice.”**

Michael Treschow
President and CEO

Consumer Durables

- Higher demand during first half of the year
- Continued good growth in sales and operating income in North America
- Operations outside Europe and North America showed positive income for full year
- Acquisition of Email Ltd, Australia's largest household appliances company

Consumer Durables comprise mainly white goods, i.e. refrigerators, freezers, cookers, washing machines and dishwashers, room air-conditioners and microwave ovens. In 2000 these products accounted for more than 75% of sales. This business area also includes floor-care products as well as garden equipment and light-duty chainsaws.

MARKET POSITION

Electrolux is the leading white-goods company in Europe and the third largest in the US. The Group is also the second largest white-goods company in Brazil.

Electrolux is the world's largest producer of floor-care products, lawn mowers, garden tractors, lawn trimmers and other portable garden equipment.

WHITE GOODS

Sales of white goods in 2000 were 7% higher than in 1999. The European operation accounted for about 50% of sales, and North America for about 35%. The remainder refers mainly to Brazil and China, as well as India and the ASEAN countries. Operating income was unchanged from the previous year.

OPERATIONS IN EUROPE

The market for white goods in Europe increased by almost 4% in volume over 1999. The market showed strong growth in the first two quarters, and then weakened gradually during the second half of the year. In the fourth quarter, market volume rose by about 1%. Most of the market growth referred to the UK, Spain and France. The German market remained weak and showed only a slight increase for the full year.

Sales for the European operation within Electrolux Home Products reported good growth in volume, particularly in Eastern Europe. The Group strengthened its market share. Operating income declined from the previous year, however, as a result of downward pressure on prices and higher costs for materials, particularly during the second half of the year. In addition, the Group had an unfavorable mix in terms of products, markets and customer categories. Costs referring to development of a new pan-European organization also had an adverse effect on income.

The Western European market in 2000 is estimated at a total of 53.9 million units, excluding microwave ovens.

Provision in the fourth quarter

A provision of approximately SEK 350m was made in the fourth quarter for costs related to alignment of the pan-European organization in 2001. This is expected to generate savings of approximately SEK 160m in 2001 and comprises mainly personnel cutbacks and other adjustments in sales, administration and service.

OPERATIONS IN THE US

The US market for white goods rose by about 2% in volume, and by about 4% for major appliances, i.e. inclusive of room air-conditioners and microwave ovens. Market demand was higher than in 1999 during the first two quarters. In the fourth quarter demand for white goods declined by about 4%, and by about 2% for major appliances.

Electrolux Home Products in the US achieved an increase in volume for both white goods and room air-conditioners that was considerably higher than market growth. Following a decline in demand during the second half of the year and greater downward pressure on prices, operating income for the full year was unchanged in comparison with 1999.

The US market for white goods, i.e. deliveries from domestic producers plus imports, exclusive of microwave ovens and room air-conditioners, amounted to 38.6 million units in 2000.

Provision in the fourth quarter

A provision of approximately SEK 200m was made in the fourth quarter for alignment of the organization and the logistical structure in 2001. These adjustments refer to personnel cutbacks in administration as well as shutdowns of warehouses, and are expected to generate savings of approximately SEK 230m in 2001.

Zanussi's products feature innovative design and vivid colors.

One of the latest built-in ovens from AEG features a door in Alutec, a new material. The oven has an electronic control panel and pyrolytic cleaning.

In 2001, Electrolux Home Products in North America is launching a new range of refrigerators which consume 30% less energy than previous models.

Business area Consumer Durables

WhirlWind vacuum cleaners from the Group's Eureka subsidiary are the best-selling bagless cleaners in the US.

This hedge trimmer is part of the Group's range of McCulloch-branded garden equipment for the European market.

Electrolux is the largest producer of lawn and garden products in the US.

ACQUISITION OF ELECTROLUX BRAND IN NORTH AMERICA

In May the Group acquired the right to the Electrolux brand and corporate name in the US and Canada from Electrolux LCC, an American company engaged in direct sales of floor-care products. The purchase price was USD 50m. Electrolux can now use the brand in North America within all product areas, except floor-care products for which the seller has the right to use the name during a transitional period.

OPERATIONS IN LATIN AMERICA AND ASIA

Demand for white goods in Brazil was higher than in the previous year. The Group achieved a considerable increase in sales volume.

Operating income improved, but remained negative for the full year. A marked increase in income was reported for the fourth quarter. Factors contributing to the favorable trends for sales and income included internal cost adjustments, gradual renewal of the product range, and intensified marketing.

In Asia, the market for white goods increased in volume in China and the ASEAN countries, while demand in India was relatively unchanged.

The Group's operation in China achieved a marked increase in sales and reported a result close to break-even. Good sales growth was also reported in the ASEAN countries, where operating income improved considerably. Sales in India were higher than last year. Operating income declined, however.

ACQUISITION OF EMAIL IN AUSTRALIA

An agreement was reached in November 2000, for acquisition of the household appliances division of Email Ltd in Australia. Email is the largest producer of white goods in Australia, with annual sales of approximately SEK 4,700m and about 4,800 employees.

The acquisition strengthens the Group's market position in Oceania, which in 2000 accounted for less than 1% of total sales, with an operation that comprises mainly floor-care products and outdoor products. Email gives the Group in-house production capacity in the region. Synergy effects are expected mainly in sales, administration and purchasing, as well as through product sourcing.

FLOOR-CARE PRODUCTS

Demand for floor-care products rose for the full year in both Europe and the US. Both markets showed slower growth during the second half of the year, however. The increase in demand referred mainly to the low end of the market.

The Group achieved good sales growth in both the European and the American markets. Higher volume and greater efficiency contributed to a considerable improvement in operating income.

Provision in the fourth quarter

A provision of approximately SEK 200m was made in the fourth quarter for consolidation of production in Europe. Production at the plant in Rothenburg, Germany is being reviewed.

OUTDOOR PRODUCTS

Demand for garden products in Europe was somewhat higher than in 1999. The Group achieved good sales growth. Operating income for the European operation showed a marked improvement, although from a low level in the previous year.

In the US, demand increased for gas-driven trimmers and light-duty chainsaws, while market volume declined for products such as electric trimmers, lawn mowers and tractors. The Group reported good sales growth in most product areas and a considerable improvement in operating income.

Data on the Email operation

Purchase price	AUD 485 million (approx. SEK 2,500m)[1]
Net sales	AUD 919 million (approx. SEK 4,700m)[2]
Operating income	AUD 55 million (approx. SEK 280m)[2]
Number of employees	4,800
Product range	Refrigerators, freezers, cookers, dishwashers, washing machines, dryers, etc.
Brands	Westinghouse, Kelvinator, Hoover[3], Simpson, Chef, Dishlex. Westinghouse and Kelvinator account for about 50% of sales.
Market share	Almost 60% in Australia and 28% in New Zealand.
	For more information, visit www.email.com.au

[1] May be adjusted with reference to the value of net assets on the closing date.
[2] Refers to the fiscal year ending March 31, 2000.
[3] Under license agreement.

Key data, SEKm

Key data, SEKm	2000[1]	1999[1]	1998[1) 2)]
Net sales	98,488	91,689	87,854
Operating income	5,779	4,997	3,781
Operating margin, %	5.9	5.4	4.3
Net assets	27,444	26,224	28,549
Return on net assets, %	20.1	17.5	13.0
Value creation	1,599	862	–450
Capital expenditure	2,877	2,982	2,215
Average number of employees	63,418	66,668	72,259

[1] Excluding items affecting comparability.
[2] As of 1998, common Group costs are reported separately and are not distributed among business areas.

Net sales by product line, SEKm

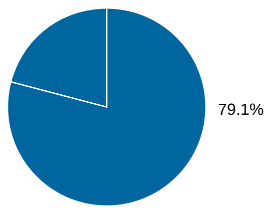
Net sales by product line, SEKm	2000	Share %	1999	Share %	1998	Share %
White goods[1]	72,861	74.0	67,965	74.1	64,605	73.5
Floor-care products	8,633	8.8	8,809	9.6	8,436	9.6
Garden equipment	16,789	17.0	14,225	15.5	12,776	14.5
Other	205	0.2	691	0.8	2,037	2.4
Total	98,488	100.0	91,689	100.0	87,854	100.0

[1] Including room air-conditioners.

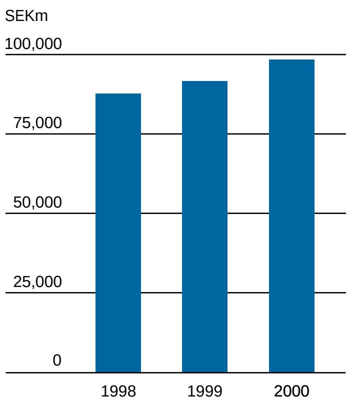
Value creation by region, Consumer Durables, SEKm

Value creation by region, Consumer Durables, SEKm	2000	1999	Change
EUROPE			
Net sales	42,704	42,640	+0.2%
Operating income	2,179	2,444	–10.8%
Cost of capital	–1,193	–1,220	–2.2%
Value creation	986	1,224	–238
NORTH AMERICA			
Net sales	46,581	41,452	+12.4%
Operating income	3,577	2,895	+23.6%
Cost of capital	–1,908	–1,859	+2.6%
Value creation	1,669	1,036	+633
REST OF THE WORLD			
Net sales	9,203	7,597	+21.1%
Operating income	23	–342	N/A
Cost of capital	–1,079	–1,056	+2.2%
Value creation	–1,056	–1,398	+342

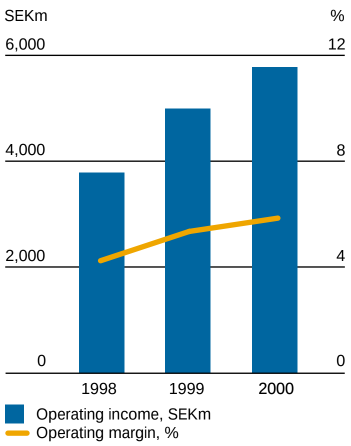
SHARE OF TOTAL GROUP SALES



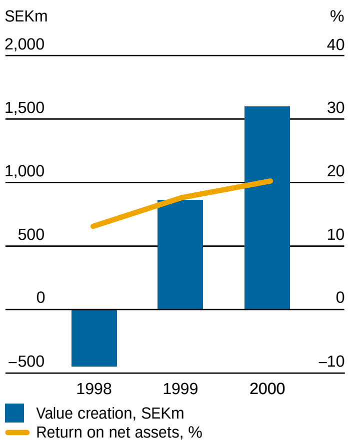
NET SALES



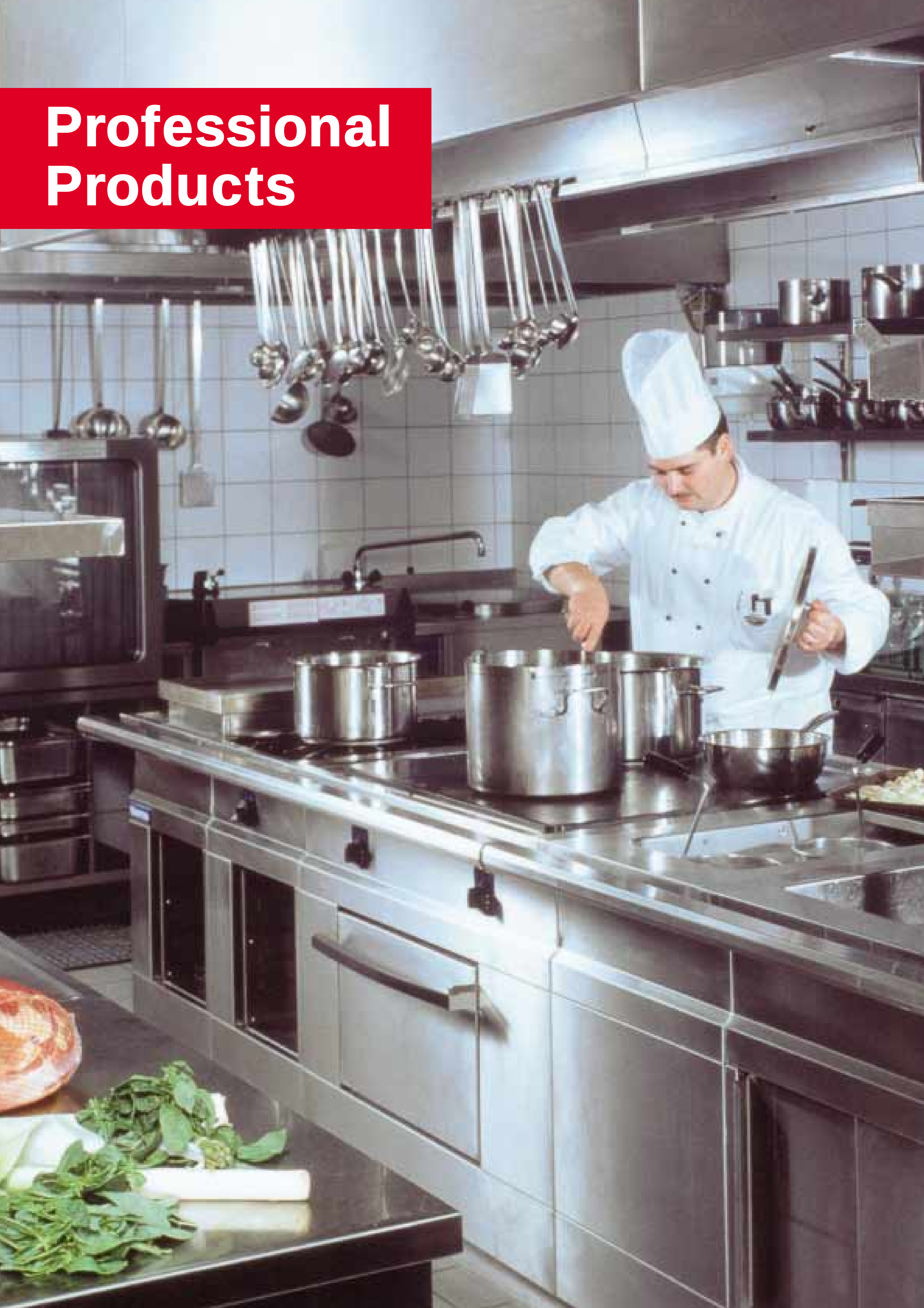
OPERATING INCOME AND MARGIN



VALUE CREATION AND RETURN ON NET ASSETS



Professional Products



INDOOR

- Weaker demand in most product areas
- Continued structural changes and divestments in food-service equipment and laundry equipment
- Improved operating income for food-service equipment and leisure appliances
- Lower income for laundry equipment and components

OUTDOOR

- Higher demand for chainsaws
- Good growth in sales and operating income for Husqvarna operation
- Acquisition of US companies in turf-care equipment and diamond tools

The Group's operation in Professional Indoor Products comprises food-service equipment for hotels, restaurants and institutions, as well as laundry equipment for apartment-house laundry rooms, launderettes, hotels and other professional users. It also includes the Group's operation in components, i.e. compressors and motors, as well as absorption refrigerators and other equipment for recreational vehicles.

MARKET POSITION

Electrolux is the world's second largest producer of food-service equipment and is the European market leader. The Group is also a leader in the global market for laundry equipment, and is the world's largest producer of compressors and absorption refrigerators.

OPERATIONS IN 2000

Demand for food-service equipment was somewhat weaker than in 1999, although the market increased somewhat in the fourth quarter. Group sales declined slightly in this product area, mainly as a result of divestments. Lower deliveries and an increased focus on more profitable market segments also contributed to the decline in sales. Operating income and margin improved over 1999. The performance of this product line was influenced by on-going restructuring, including divestment of non-core businesses with low profitability.

Laundry equipment reported a decrease in sales from the previous year as a result of lower volumes in Western Europe and Japan. The launch of a new product range involved production problems and delayed deliveries. Operating income declined substantially from the high level of 1999. Income was also adversely affected by lower results for the operation in heavy-duty equipment, which was divested in October.

Demand for absorption refrigerators and other equipment for the recreational vehicle industry rose for the full year in both Europe and the US. Leisure appliancies showed good growth in sales and improved operating income. The newly acquired Seitz operation contributed to the positive trends for sales and income.

Demand for compressors and motors rose during the first two quarters, but slackened during the second half of the year. Sales for the component product line were largely unchanged in comparison with 1999. Operating income showed a marked decrease as a result of lower volumes and downward pressure on prices for compressors, as well as negative results in the Group's joint ventures for compressors in China and Egypt.

ACQUISITIONS AND DIVESTMENTS

As of January 1, 2000 the Group acquired Seitz, a German producer of windows and other equipment for recreational vehicles with annual sales of approximately SEK 450m and 350 employees. The company has two production units, one in Germany and one in Sweden. The acquisition enables the Group to offer a complete range of components and products to manufacturers of recreational vehicles.

The major part of the operation in professional refrigeration equipment was divested as of January 31, 2000. The remaining operations were divested later in the year. In 1999 this operation had sales of approximately SEK 2,300m and 2,000 employees.

As of October 1, 2000 the Group divested an American operation in heavy-duty laundry equipment with annual sales of approximately SEK 300m and 160 employees. A Danish operation in mixers for restaurants and professional kitchens with annual sales of approximately SEK 80m and 80 employees was divested as of June 1.

In food-service equipment, Electrolux is the European leader and the world's second largest producer.

In 2000, Electrolux Wascator launched a new product range featuring modular design that enables products to be more closely configured for the customer's individual requirements.

Electrolux is the world leader in refrigerators and other equipment for recreational vehicles.

The Husqvarna operation in turf-care equipment expanded in 2000 through the acquisition of the US company Bluebird, which produces de-thatchers and lawn aerators.

The Group has a market share of about 40% for chainsaws for professional users.

The Group's operation in Professional Outdoor Products comprises mainly high-performance chainsaws, clearing saws and turf-care equipment under the Husqvarna brand. In 2000 these product areas accounted for approximately 55% of sales.

This business area also includes power cutters, diamond tools and related equipment for cutting, e.g. cement and stone. In 2000 these product areas accounted for more than 10% of sales.

MARKET POSITION

Husqvarna and Jonsered are two of the top three worldwide brands for professional chainsaws, with a total global market share of about 40% in the professional segment. The Group is the world's second largest producer of power cutters, and one of the ten largest producers of diamond tools.

OPERATIONS DURING THE YEAR

Demand for chainsaws increased in most markets. The Group achieved good sales growth in Europe, the Far East and Latin America. Operating income rose substantially over the previous year. Income was favorably affected by the strong dollar, as the Husqvarna operation exports significant volumes of chainsaws from Sweden to North America.

The operations in turf-care equipment, power cutters and diamond tools also reported favorable trends for sales and operating income.

ACQUISITIONS

As of September 1, 2000 the Group acquired the American company Bluebird International Inc., which produces de-thatchers and aerators. Bluebird has annual sales of approximately SEK 180m and 75 employees. The acquisition complements the Husqvarna range of turf-care equipment.

Two producers of diamond tools were acquired in November, i.e. Magnum Diamond & Machinery in the US, with annual sales of approximately SEK 110m and 45 employees, and JKS Lamage in Canada, with annual sales of approximately SEK 50m and 30 employees. These acquisitions give the Group a more powerful product range, and will be integrated with the existing operation to create a stronger sales organization in North America.

Electrolux IT Solutions

Fully integrated as Application Service Provider

Applications
Enable management of demand-flow, B2B and customer relations

Network
For Electrolux systems and solutions

Infrastructure
Comprises Electrolux IT resources

Electrolux continued in 2000 to consolidate Group IT resources into Electrolux IT Solutions with the aim of increasing delivery quality and reliability while reducing the overall IT spend.

Electrolux IT Solutions now has resources at 55 sites in 18 countries. Through the consolidation process, cost savings of 10% or SEK 150m, have been achieved.

The process has included the creation of a new IT infrastructure, improved financial control of IT assets and utilization coupled with a systematic approach to operational and application delivery and improved supplier management.

Operational standards have increased and now match current industry best practices. These standards include the availability of business and process-critical systems at factories, warehouses and administrative centers in all the key markets.

In 2000, the @Net corporate network was successfully installed throughout the Group's European operations, linking with the international networks. @Net allows rapid and reliable data transfer between Group entities, suppliers and partners and also forms the basis for new applications critical to the demand-flow process.

Electrolux IT Solutions now has laid the foundation to operate as an Application Service Provider to Group entities through service agreements on business terms. This will allow further reductions in IT spend per business area, region, market and location.

Key data, SEKm	2000[1]	1999[1]	1998[1) 2)]
Net sales	25,600	27,550	27,596
Operating income	2,730	2,885	2,792
Operating margin, %	10.7	10.5	10.1
Net assets	10,144	10,311	10,626
Return on net assets, %	27.4	27.7	27.4
Value creation	1,469	1,559	1,495
Capital expenditure	1,126	992	1,155
Average number of employees	22,116	24,823	25,525

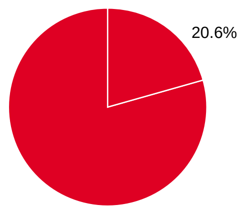
[1] Excluding items affecting comparability.
[2] As of 1998, common Group costs are reported separately and are not distributed among business areas.

Net sales by product line, SEKm	2000	Share %	1999	Share %	1998	Share %
Food-service equipment	4,942	28.1	6,131	30.0	5,891	27.9
Laundry equipment	2,183	12.4	2,406	11.8	2,380	11.3
Leisure appliances	5,296	30.2	4,533	22.2	3,913	18.6
Components	5,085	29.0	4,957	24.2	5,590	26.5
Divested operations[1]	55	0.3	2,423	11.8	3,303	15.7
Total Indoor Products	17,561	100.0	20,450	100.0	21,077	100.0
Total Outdoor Products	8,039	100.0	7,100	100.0	6,519	100.0
Total Professional Products	25,600	100.0	27,550	100.0	27,596	100.0

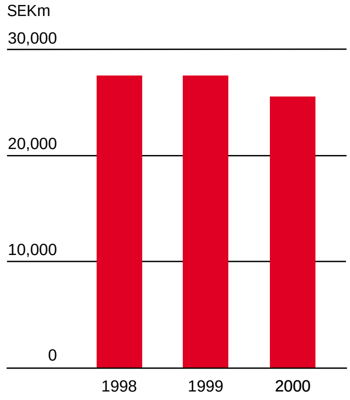
[1] Mainly cleaning equipment, vending machines and refrigeration equipment.

Value creation, SEKm	2000	1999	Change
INDOOR PRODUCTS			
Net sales	17,561	20,450	–14.1%
Operating income	1,577	1,902	–17.1%
Cost of capital	–864	–1,006	–14.1%
Value creation	713	896	–183
OUTDOOR PRODUCTS			
Net sales	8,039	7,100	+13.2%
Operating income	1,153	983	+17.3%
Cost of capital	–397	–320	+24.1%
Value creation	756	663	+93

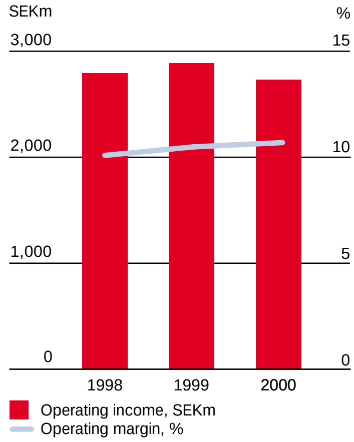
SHARE OF TOTAL GROUP SALES



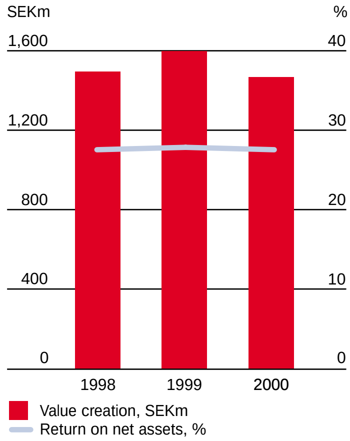
NET SALES



OPERATING INCOME AND MARGIN



VALUE CREATION AND RETURN ON NET ASSETS



Report by the Board of Directors for 2000

SALES AND INCOME

NET SALES

Net sales for the Electrolux Group in 2000 rose to SEK 124,493m, as against SEK 119,550m in the previous year, of which 96% (96) or SEK 120,029m (115,127) was outside Sweden. Of the 4.1% increase in sales, changes in the Group's structure accounted for –3.2%, changes in exchange rates for +3.6%, and volume/price/mix for +3.7%. For changes in Group structure, see page 33.

INCOME

The Group's operating income for 2000 increased by 5.5% to SEK 7,602m (7,204), which corresponds to 6.1% (6.0) of net sales. Operating income in 2000 includes items affecting comparability in the amount of SEK –448m (–216). Exclusive of these items, operating income improved by 8.5% to SEK 8,050m (7,420), corresponding to 6.5% (6.2) of net sales.

Income after financial items increased by 6.3% to SEK 6,530m (6,142), which corresponds to 5.2% (5.1) of net sales. Exclusive of items affecting comparability, income after financial items improved by 9.8% to SEK 6,978m (6,358), corresponding to 5.6% (5.3) of net sales.

Net income rose in 2000 by 6.8% to SEK 4,457m (4,175), corresponding to SEK 12.40 (11.40) per share. Excluding items affecting comparability, net income increased by 13.4% to SEK 4,762m (4,200), and net income per share rose by 15.7% to SEK 13.25 (11.45).

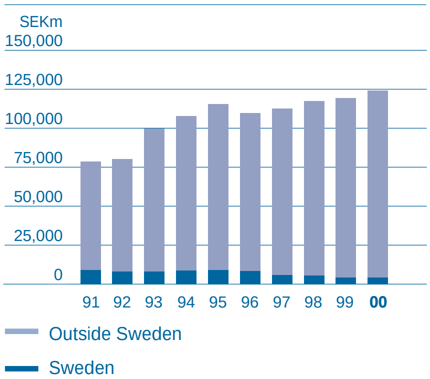
Key data, SEKm	2000	1999	2000 excl. items affecting comparability[1]	1999 excl. items affecting comparability[1]	Change
Net sales	124,493	119,550	124,493	119,550	4%
Operating income	7,602	7,204	8,050	7,420	8%
Margin, %	*6.1*	*6.0*	*6.5*	*6.2*	
Income after financial items	6,530	6,142	6,978	6,358	10%
Net income	4,457	4,175	4,762	4,200	13%
Net income per share, SEK	12.40	11.40	13.25	11.45	16%
Dividend per share, SEK	4.00[2]	3.50	4.00[2]	3.50	14%
Return on equity, %	17.3	17.1	18.5	17.2	
Return on net assets, %	19.6	18.3	20.0	18.4	
Value creation	—	—	2,423	1,782	641
Net debt/equity ratio	0.63	0.50	0.63	0.50	
Capital expenditure	4,423	4,439	4,423	4,439	
Average number of employees	87,128	92,916	87,128	92,916	–6%

1) For information on items affecting comparability, see page 29.
2) Proposed by the Board.

Net sales and operating income, by geographical area, SEKm	Net sales		Operating income	
	2000	1999	2000	1999
Europe	58,169	60,016	4,353	4,677
North America	52,906	47,675	3,884	3,290
Rest of the world	13,418	11,859	–187	–547
Items affecting comparability	—	—	–448	–216
Total	124,493	119,550	7,602	7,204

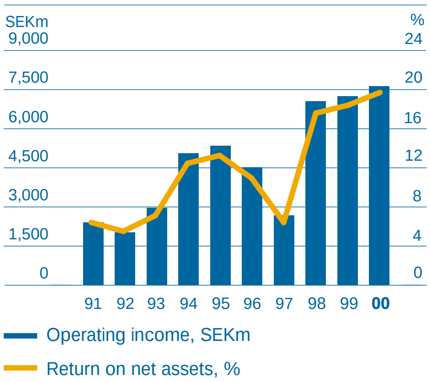
Net sales and operating income, SEKm	Net sales		Operating income			
	2000	1999	2000	Margin,%	1999	Margin,%
Consumer Durables						
Europe	42,704	42,640	2,179	5.1	2,444	5.7
North America	46,581	41,452	3,577	7.7	2,895	7.0
Rest of the world	9,203	7,597	23	0.2	–342	–4.5
Total Consumer Durables	98,488	91,689	5,779	5.9	4,997	5.4
Professional Products						
Indoor	17,561	20,450	1,577	9.0	1,902	9.3
Outdoor	8,039	7,100	1,153	14.3	983	13.8
Total Professional Products	25,600	27,550	2,730	10.7	2,885	10.5
Common Group costs, etc.	405	311	–459		–462	
Items affecting comparability			–448		–216	
Total	124,493	119,550	7,602	6.1	7,204	6.0

Net sales



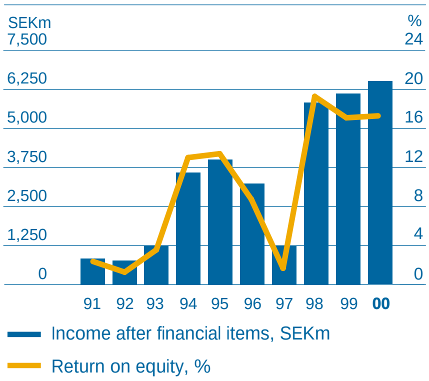
Net sales rose by 4% in 2000 for comparable units, after adjustment for exchange-rate effects.

Operating income and return on net assets



Operating margin in 2000 improved to 6.1%, or 6.5% excluding items affecting comparability.

Income after financial items and return on equity



Return on equity in 2000 was 17.3%, or 18.5% excluding items affecting comparability.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability in 2000 amounted to SEK –448m and comprised the items listed in the table below.

Items affecting comparability in 1999 amounted to SEK –216m and included a capital gain of SEK 1,625m on divestment of operations, as well as a provision of SEK –1,841m referring to a court decision in pension litigation in the US.

Items affecting comparability in 2000, SEKm

Capital gain from divestment of professional refrigeration in Q1	241
Restructuring, Professional Indoor Products in Q1, referring to implementation of new organization	–241
Restructuring, Consumer Durables	–883
Allocation of SPP pension surplus	435
Total	–448

Provision in the fourth quarter for cost adjustments

In the fourth quarter of 2000 the Group made a provision of SEK 883m for adjustments which will be implemented during 2001, see table above right.

FINANCIAL ITEMS

The economic environment in the US and Europe was favorable for a large part of 2000, which resulted in higher market interest rates. The increase was about 1 percentage point in the US and about 2 percentage points in Europe. Indications of a slowdown in the US economy towards the close of the year resulted in declining market interest rates, which was also reflected in Europe.

Net financial items amounted to SEK –1,072m (–1,062), which corresponds to –0.9% (–0.9) of sales. Major factors affecting the financial net in 2000 were higher interest rates in the amount of approximately SEK –60m and financing of share buy-backs amounting to approximately SEK –60m, while lower average net borrowings had a positive impact of approximately SEK 70m.

In 1999, financial items were impacted by non-recurring items amounting to SEK –105m, which was a net of SEK –240m referring to unauthorized trading by an employee in Germany and SEK 135m from the discontinuation of the Group's hedging of equity in euro.

Restructuring actions, Consumer Durables, SEKm	Approx. amount	Approx. savings, 2001
Alignment of pan-European organization, Electrolux Home Products, Europe	350	160
Alignment of organization and logistics structure, Electrolux Home Products, North America	200	230
Consolidation of production structure, floor-care products	200	20
Rationalization of IT-structure, and other items	130	30

TAXES

Total taxes for 2000 amounted to SEK 2,121m (2,005), which corresponds to 32.5% (32.6) of income after financial items.

Exclusive of items affecting comparability, the actual tax rate was 32.4% (34.5). The improvement refers mainly to comprehensive rationalization of the Group's legal structure.

EFFECTS OF CHANGES IN EXCHANGE RATES

Changes in exchange rates in terms of both transactions and translations had a net positive effect on income after financial items in the amount of approximately SEK 375m (330). Of this sum, SEK 190m (70) referred to translation of income statements in subsidiaries.

These effects are traceable largely to the strengthening of the dollar and the British pound. The weakening of the euro also had a positive impact in view of the Group's large production base within the EU.

For key ratios in which liquidity, net assets, inventories and accounts receivable are given in relation to net sales, the effects of changes in exchange rates have been eliminated by translating net sales at year-end rates.

For additional information on the effects of changes in exchange rates, see the section on Currency risk, page 34.

EARNINGS AND FINANCIAL POSITION ACCORDING TO US GAAP

The table below summarizes the Group's net income and financial position according to US accounting principles (US GAAP). For additional information and a description of the significant differences between US and Swedish accounting principles, see Note 27, page 56.

The Group also submits an annual Form 20-F report to the SEC (Securities and Exchange Commission).

Approximate values according to US GAAP, SEKm	2000	1999
Net income	4,864	4,053
Net income per share, SEK[1]	13.55	11.05
Equity	26,110	25,213
Total assets	87,988	84,935

1) No. of shares 359,083,955 (366,169,580).

Value creation, SEKm	2000	1999	Change
Consumer Durables			
Europe	986	1,224	–238
North America	1,669	1,036	633
Rest of the world	–1,056	–1,398	342
Total Consumer Durables	1,599	862	737
Professional Products			
Indoor	713	896	–183
Outdoor	756	663	93
Total Professional Products	1,469	1,559	–90
Common Group costs, etc.	–645	–639	–6
Total	2,423	1,782	641

VALUE CREATION

In 2000 the Group created a total value of SEK 2,423m (1,782), representing an increase of SEK 641m over 1999. The increase is traceable to sales growth of 4.1%, an improvement in operating margin to 6.5% (6.2), excluding items affecting comparability, and an improvement in the capital turnover rate to 3.10 (2.97).

The goal is to achieve an average annual increase in value created of at least SEK 1,000m for the period 2000–2002.

OPERATIONS BY BUSINESS AREA

Demand increased in most of the Group's product areas during the first two quarters both in Europe and the US, but slackened gradually in the second half of the year. Group operating income during the second half was also adversely affected by more severe price competition and higher costs for materials.

Market conditions in Asia and Latin America improved in comparison with 1999.

Of the Group's business areas, Consumer Durables achieved higher sales and operating income than in the previous year. The improvements refer to North America, Asia and Latin America. Sales for Consumer Durables in Europe were largely unchanged, while operating income declined.

Professional Products reported lower total sales and operating income as a result of divestments, as well as lower volumes and a decline in income for indoor products. Professional Outdoor Products achieved continued good growth in both sales and operating income.

CONSUMER DURABLES

The European market for core appliances[1)] increased in volume by almost 4% over the previous year. The market was strong in the first two quarters, but the rate of growth declined in the second half of the year. In the fourth quarter, the market showed a volume increase of about 1%. Sales of core appliances in Europe through Electrolux Home Products showed good growth in volume, particularly in Eastern Europe. However, operating income declined from 1999 as a result of downward pressure on prices and higher costs for materials, mainly in the second half of the year. The Group also had an unfavorable mix in terms of products, markets and customer categories. Costs referring to development of a new pan-European organization also had an adverse effect on income.

In the US, market volume for core appliances rose by about 2%, and by 4% for major appliances, i.e. inclusive of room air-conditioners, dehumidifiers and microwave ovens. The American market also increased during the first two quarters and then slackened during the last two. In the fourth quarter, the market decline was –4% for core appliances, and –2% for major appliances. Electrolux Home Products in the US reported an increase in volume for both white goods and room air-conditioners which was considerably higher than market growth. Operating income was unchanged in comparison with 1999.

In Brazil, the market for core appliances increased and the Group achieved considerably higher sales volume. Operating income improved over last year on the basis of higher volume and internal changes, but remained negative for the full year. Income for the fourth quarter showed a marked improvement and was positive. The Group also reported good sales growth for core appliances in China, India and the ASEAN countries. Overall, operating income for operations outside Europe and North America was positive, in comparison with a loss in 1999.

Demand for floor-care products rose for the full year in both Europe and the US. Both markets showed slower growth during the second half, however. The increase in demand referred mainly to the low end of the market. The Group achieved good sales growth in both the European and the American markets. Higher volumes and productivity led to a considerable improvement in operating income for floor-care products.

Demand in Europe for outdoor products for the consumer market was somewhat higher than in the previous year. The Group achieved good sales growth. Operating income for the European operation showed a marked improvement, although from a low level in 1999.

Demand for outdoor products in the US increased for gas-powered trimmers and light-duty chainsaws, while market volume decreased for other products such as electric trimmers, lawn mowers and tractors. The Group reported good growth in sales for most product categories and a considerable improvement in operating income.

Total sales for the Consumer Durables business area were higher than in 1999. Operating income showed good growth, and margin improved.

PROFESSIONAL INDOOR PRODUCTS

Demand for food-service equipment was lower during most of the year in comparison with 1999, but increased somewhat in the fourth quarter. Group sales in this product area declined slightly, mainly as a result of divestments and lower deliveries for large projects resulting from a greater focus on more profitable market segments. The performance of this product line was influenced by on-going restructuring, including divestment of non-core businesses with low profitability. Both operating income and margin improved over the previous year.

Sales of laundry equipment declined from the previous year due to lower volumes in Western Europe and Japan. Production problems and delayed deliveries related to the launch of a new product range also contributed to the decrease in sales. Operating income showed a marked decline from the high level of 1999. Income was also adversely affected by lower results for the operation in heavy-duty equipment that was divested in October.

The market for absorption refrigerators and other equipment for the recreational vehicle industry showed an upturn for the year as a whole in both Europe and the US. Sales for leisure appliances showed good growth, and operating income improved. The newly acquired Seitz operation contributed to the positive trend for sales and income.

1) Core appliances: refrigerators, freezers, washers, dryers, dishwashers, cookers.

Demand for compressors and motors rose during the first two quarters and then slackened during the second half of the year. Sales for the components product line were largely unchanged in comparison with 1999. Operating income showed a marked decline due to lower volumes for compressors, increased pressure on prices, and negative results in the Group's joint ventures for compressors in China and Egypt.

PROFESSIONAL OUTDOOR PRODUCTS

Demand for chainsaws increased in most markets. The Group achieved good sales growth in Europe, the Far East and Latin America. Operating income rose substantially over the previous year. Income was favorably affected by the strong dollar, as the Husqvarna-operation exported significant volumes of chainsaws from Sweden to North America.

The operations in turf-care equipment and power cutters also reported favorable trends for sales and operating income.

FINANCIAL POSITION

EQUITY

Group equity at year-end amounted to SEK 26,324m (25,781), which corresponds to SEK 77 (70) per share.

Change in equity, SEKm

Opening equity	25,781
Dividend	–1,282
Repurchase of own shares	–3,193
Translation differences, etc.	561
Net income for the year	4,457
Equity at year-end	26,324

NET DEBT/EQUITY RATIO

The net debt/equity ratio, i.e. net borrowings in relation to adjusted equity, rose to 0.63 (0.50). A program for repurchase of own shares was implemented during the year in order to adjust the Group's capital structure. The goal is that the net debt/equity should not exceed 0.80.

Liquid funds at year-end amounted to SEK 8,422m (10,312), which corresponds to 6.6% (8.7) of net sales.

For definitions of the above terms, see page 60.

NET ASSETS

Net assets amounted to SEK 39,026m (36,121) at year-end. Net assets were 30.4% (30.6) of net sales, after adjustment for exchange-rate effects.

Average net assets for the year, adjusted for items affecting comparability, amounted to SEK 40,194m (40,270).

For definitions of net assets, see page 60.

Inventories amounted to SEK 17,295m (16,549), and accounts receivable to SEK 23,214m (21,513), which after adjustment for exchange-rate effects corresponds to 13.5% (14.0) and 18.1% (18.2) of net sales, respectively.

The goal is that the sum of inventories and accounts receivable should not exceed 30% of net sales.

RETURN ON EQUITY AND NET ASSETS

The return on equity was 17.3% (17.1), and the return on net assets was 19.6% (18.3).

Exclusive of items affecting comparability, the return on equity was 18.5% (17.2) and the return on net assets was 20.0% (18.4).

For definitions of these items, see page 60.

CASH FLOW

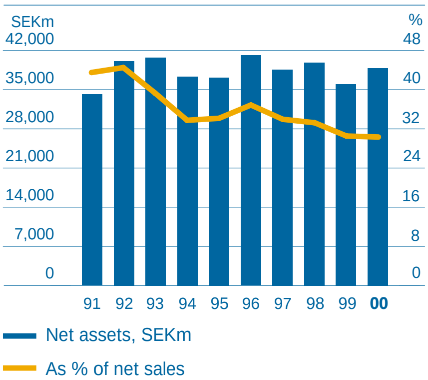
The cash flow generated by business operations and investments declined considerably to SEK 2,732m (5,523), after adjustment for exchange-rate effects. The decline is traceable mainly to an increase in working capital and lower net payments for acquisitions and divestments. The improvement in income from operations made a positive contribution. The rise in working capital was due to an increase in interest-bearing assets and higher sales volume, see page 32.

CAPITAL EXPENDITURE

Capital expenditure in 2000 amounted to SEK 4,423m (4,439), of which SEK 470m (571) in Sweden. Total capital expenditure corresponded to 3.6% (3.7) of net Group sales.

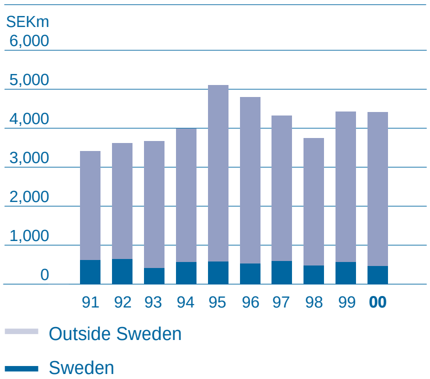
Approximately 50% of capital expenditure referred to product development and production capacity for new products.

Net assets



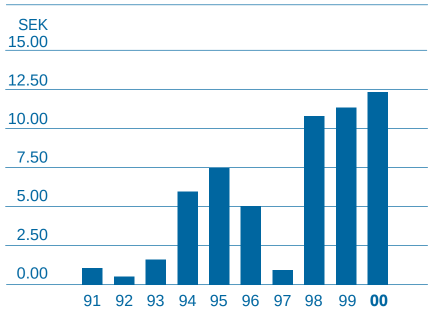
Net assets corresponded to 30.4% of net sales in 2000, as against 30.6% in 1999.

Capital expenditure



Capital expenditure in 2000 amounted to SEK 4,423m, corresponding to 3.6% of net sales.

Net income per share



Excluding items affecting comparability, net income per share increased by 16% to SEK 13.25 in 2000.

Major ongoing projects include new production processes for energy-efficient refrigerators at two sites in the US, as well as development of a platform for a new series of washing machines and a new high-performance compressor in Europe. Two of the above projects were started in 1998 and are scheduled for completion in 2001. The compressor project, which was started in 1999 is expected to be completed at the beginning of 2002.

Approximately 30% of capital expenditure referred to production processes in existing plants. Rationalization, replacement of existing equipment, and increases in capacity each accounted for about one-third of this expenditure.

COSTS OF RESEARCH AND DEVELOPMENT

R&D costs in 2000 amounted to SEK 1,311m (1,523), which corresponds to 1.1% (1.3) of net sales.

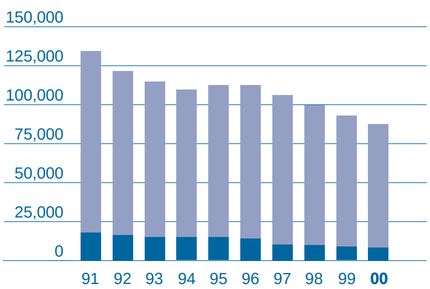
EMPLOYEES

The average number of employees in 2000 was 87,128 (92,916), of whom 8,159 (8,881) were in Sweden. At year-end the total number of employees was 86,270 (91,758).

The table at the right shows the change in average number of employees during 2000.

Salaries and remuneration in 2000 amounted to SEK 17,241m (17,812), of which SEK 2,047m (2,149) in Sweden. See also Note 25 on page 52.

Average number of employees



The average number of Group employees declined to 87,128 in 2000, mainly as a result of divestments and structural changes.

Summary of cash flow, SEKm	2000	1999
Income after financial items	6,530	6,142
Depreciation according to plan	3,810	3,905
Provisions and capital gains/losses	628	–286
Taxes paid	–2,329	–2,166
Changes in operating assets and liabilities	–2,540	1,065
Cash flow from operations	6,099	8,660
Investments in/divestment of operations and trademark	180	1,702
Capital expenditure	–4,423	–4,439
Other	876	–400
Cash flow from investments	–3,367	–3,137
Cash flow from operations and investments	2,732	5,523
Dividend	–1,282	–1,099
Repurchase of shares	–3,193	—
Cash flow after dividends and repurchase of shares	–1,743	4,424

Capital expenditure by business area	2000 SEKm	Share, %	1999 SEKm	Share, %
Consumer Durables	2,877	65.0	2,982	67.2
Professional Products	1,126	25.5	992	22.3
Other	420	9.5	465	10.5
Total	4,423	100.0	4,439	100.0

Change in average number of employees in 2000	
Average number of employees in 1999	92,916
Number of employees in acquisitions 2000	416
Number of employees in divestments 2000	–2,317
Other, i.e. structural changes, productivity	–3,887
Average number of employees in 2000	87,128

Average number of employees	2000	1999
Average number of employees:		
Sweden	8,159	8,881
Outside Sweden	78,969	84,035
Total	87,128	92,916
By geographical area:		
Europe	49,671	52,032
North America	22,879	23,174
Rest of the world	14,578	17,710
Total	87,128	92,916
By business area:		
Consumer Durables	63,418	66,668
Professional Products	22,116	24,823
Other	1,594	1,425
Total	87,128	92,916

MAJOR CHANGES IN THE GROUP

ACQUISITIONS WITHIN CONSUMER DURABLES

In May the Group acquired the right to the Electrolux brand and corporate name in Canada and the US from Electrolux LCC, an American company engaged in direct sales of floor-care products. The purchase price was USD 50m. The seller has the right to use the name on vacuum cleaners and after-market parts during a transition period.

In November a Heads of Agreement was signed for acquisition of the household appliances division of Email Ltd in Australia. Email is Australia's largest producer of white goods, with annual sales of approximately SEK 4,700m and about 4,800 employees. The purchase price is AUD 485m (approximately SEK 2,500m), and may be adjusted with reference to the value of net assets on the closing date.

ACQUISITIONS AND DIVESTMENTS WITHIN PROFESSIONAL PRODUCTS

As of January 1, the Seitz group in Germany was acquired, which manufactures equipment for caravans and mobile homes. Seitz has annual sales of approximately SEK 450m and about 350 employees.

As of September 1, Bluebird International Inc. in the US was acquired. Bluebird produces landscape maintenance equipment and has annual sales of approximately SEK 180m and 75 employees.

In November the Group acquired JKS Lamage in Canada, which has annual sales of approximately SEK 50m and 30 employees, and Magnum Diamond & Machinery in the US, with annual sales of approximately SEK 110m and 45 employees. Both companies produce diamond tools and will be integrated in the Dimas diamond tool operation within Professional Outdoor Products.

As of January 31, the major part of the operation in professional refrigeration equipment was divested. The remaining operations in Brazil, China and Eastern Europe were divested during the spring 2000. This operation had annual sales in 1999 of approximately SEK 2,300m and about 2,000 employees.

As of June 1, the Group divested A/S Wodshow & Co. in Denmark, which produces mixers for restaurants and professional kitchens. Wodshow has annual sales of approximately SEK 80m and about 80 employees.

As of October 1, the Group divested Washex in the US, an operation in heavy-duty laundry equipment with annual sales of approximately SEK 300m and about 160 employees.

TREASURY OPERATIONS

A comprehensive project for changing the financial organization was implemented during the year, including development of a new finance policy for the Group. The new policy stipulates a clear division of responsibility between the treasury organization and the Group's business sectors.

Group Treasury has full responsibility for financing and liquidity, and for management of external exposure in foreign currencies. Trading in currencies and derivatives has been further centralized. As of 2001, financial risks are managed through four regional centers, in Sweden, Singapore, Brazil and the US. Financial risks are measured continuously, using a value-at-risk method.

Electrolux Financial Services is responsible for operative financial solutions, and is being linked more closely to business operations, a process that was started in 2000.

FINANCIAL RISK MANAGEMENT

The Group's operations involve exposure to different types of risks, related to:

- Financing
- Interest rates
- Currency rates
- Credit risk in the financial activities.

FINANCING RISK

Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing loans will become more difficult or more costly. Financing risk is managed on the basis of a policy for the Group's liquidity position and borrowings. In this connection, the Group's credit rating is also important.

Liquidity

The Group's goal is that liquid funds should correspond to at least 2.5% of net sales. The Group shall also aim at maintaining net liquidity at about zero, with due consideration for the fact that this is subject to changes related to acquisitions, divestments and seasonal variations. Net liquidity is defined as liquid funds less short-term borrowings.

As shown in the table below, liquid funds as a percentage of net sales considerably exceeded the Group's minimum criterion in both 2000 and 1999.

Borrowings

Electrolux goal is that the average time to maturity for long-term debt should be at least two years, and the maturities should be evenly spread.

During 2000 long-term loans were raised in the amount of SEK 2,766m, and amortized in the amount of SEK 2,613m. Short-term loans were raised mainly through the parent company's SEK Commercial Paper program and a US subsidiary's Commercial Paper program. Long-term loans were channeled primarily through the Group's Global Medium Term Note program, under which a bond of EUR 300m was issued during the fourth quarter. A Euro Commercial Paper program was also established during the year.

The Group's liquidity profile, SEKm	December 31, 2000	December 31, 1999
Liquid funds	8,422	10,312
% of net sales	6.6	8.7
Net liquidity	–427	3,585
Fixed-interest term, days	58	25
Unutilized credit facilities	23,270	19,733

Maturity dates for long-term borrowings[1)]

Year	Amount, SEKm
2001	3,852
2002	2,136
2003	471
2004	4,030
2005	3,672
2006	507
Thereafter, until 2038	1,631
Total	16,299

1) Including swap transactions.

Long-term borrowings, by currency[1)]

Currency	Amount, SEKm	Average duration, years	Interest, %	Average maturity, years
USD block[2)]	7,163	0.4	7.1	2.9
EUR	7,986	2.1	5.5	3.7
DKK	237	0.2	5.6	1.0
NOK	238	0.4	7.1	7.6
CNY	133	0.2	7.7	0.7
Other	542	1.0	7.4	5.5
Total	16,299	1.2	6.4	3.5

1) Including swap transactions.
2) Includes currencies in Canada, Hong Kong, Taiwan, Singapore, Oceania and the Latin American countries, except for Brazil, which is included in "Other."

At year-end the Group's interest-bearing borrowings inclusive of interest-bearing pension liabilities amounted to SEK 25,398m (23,735), of which SEK 16,299m (16,713) referred to long-term loans with average maturities of 3.5 years (2.7). Net borrowings, i.e. total interest-bearing liabilities less liquid funds, increased to SEK 16,976m (13,423), mainly as a result of the share buy-back program performed during the year.

The average interest cost for the Group's interest-bearing loans in 2000 was 6.7% (6.6).

Derivatives in the form of interest and currency swaps are used to manage risk exposures and achieve a balance between different currencies. The tables above show the long-term borrowings inclusive of swaps that were used to achieve this balance.

Ratings

Electrolux has an Investment Grade rating from the three leading international rating institutions, Moody's, Fitch, and Standard & Poor's. During the year Moody's raised its long rating for Electrolux to Baa1. The long rating from Fitch is BBB+. Standard & Poor's improved their long rating to BBB+ with a positive outlook during the year. The corresponding ratings for short-term debt are P-2 from Moody's and F-2 from Fitch. The short-term rating from Standard & Poor's is A-2 in general and K-1 for loans under the Swedish Commercial Paper program.

INTEREST-RATE RISK

This risk refers to the effects of changes in market interest rates on Group net income. Electrolux distinguishes between the interest-rate risks in long-term borrowings and in liquidity. Factors determining this risk include the period of fixed interest.

Interest-rate risk in long-term borrowings

The Group's financial policy defines guidelines for the interest-fixing period of fixed rates in the portfolio of long-term loans. The current policy is an average interest-fixing period of one year. The Electrolux Group Treasury is allowed to deviate from this goal in accordance with a mandate set by the Board of Directors, but the maximum fixed-rate period is three years. At year-end 2000 the average interest-fixing period for long-term borrowings was 1.2 years (1.5).

Interest-rate risk in liquidity

The interest-fixing period for liquid funds in 2000 at year-end was 58 days (25).

CURRENCY RISK

The currency risk refers to the adverse effects of changes in exchange rates on the Group's income and equity. In order to avoid such effects, the Group covers these risks within the framework of the financial policy.

Exposure arising from commercial flow

About 75% of the currency flow is between Group companies. The Group's geographically widespread production reduces the effects of changes in exchange rates. In addition, the Group's netting system further reduces internal exposure.

The table on the following page shows the distribution of the Group's sales and operating expense in major currencies during 2000. The table indicates that there was a good currency balance during the year in the most important currencies, i.e. the dollar and the euro.

The Electrolux financial policy stipulates hedging of forecasted sales in foreign currencies with respect to the price-fixing period of the sales and the competitive situation.

Group subsidiaries cover their risks in commercial currency flows through the Group's four treasury centers. The financial operation thus assumes the currency risks and can cover them externally.

Exchange differences arising from commercial receivables and liabilities in foreign currency are included in operating income.

Gains and losses on forward contracts are reported in the same period as the corresponding flow arises. At year-end, unrealized exchange-rate losses on forward contracts amounted to SEK –98m (–43).

The effect of hedging on operating income during 2000 amounted to approximately SEK –230m (–126).

Net sales and expense, by currency

Currency	Share of net sales, %	Share of expense, %
SEK	4	9
USD block[1)]	48	46
EUR	27	31
GBP	6	3
Other	15	11
Total	100	100

1) Includes currencies in Canada, Hong Kong, Taiwan, Singapore, Oceania and the Latin American countries, except for Brazil, which is included in "Other."

Exposure arising from translation of balance sheets

The net of assets and liabilities in foreign subsidiaries constitutes a net investment in foreign currency, which generates a translation difference. In order to limit depreciation of Group equity resulting from translation differences, hedging is done through borrowings and forward contracts, taking into account interest differentials and fiscal effects. This means that the decline in the value of a net investment, resulting from a rise in the exchange rate of the Swedish krona, is offset by the exchange gain on the parent company's borrowings and forward contracts, and vice versa.

The Group's policy is that hedging shall be applied within the framework of the parent company's existing net borrowings, which are distributed among different currencies in proportion to the Group's net assets outside Sweden. The current policy stipulates 50% coverage of foreign equity exclusive of equity in euros.

Net translation differences arising from consolidation of foreign subsidiaries amounted to SEK 561m (1,761) in 2000. In computing these differences, due consideration is given to exchange differences in the parent company referring to borrowings and forward contracts that are intended as hedges for equity in foreign subsidiaries, less estimated taxes. The above amount has been taken directly to equity in the consolidated balance sheet in accordance with applicable accounting principles. However, translation losses referring to countries with highly inflationary economies have been charged against operating income. See "Accounting principles" on page 44.

CREDIT RISK IN THE FINANCIAL ACTIVITIES

Credit risks within financial activities arise from placement of liquid funds, and as counterpart risks related to derivatives. In order to limit financial credit risk, a counterpart list has been established that defines the maximum permissible exposure to approved counterparts.

THE EURO

The euro is of considerable significance for Electrolux, as more than 30% of sales are in the 12 countries that participate in the European Monetary Union (EMU). The euro is even more significant in terms of Group assets, which makes it the most important currency for the Group.

Since 1999, payments between Group units within the EMU area have been made in euros. A project for transition to the euro as a basic currency no later than year-end 2001 is now in progress and covers all Group companies within the EMU area. Most of the IT systems in these companies were adapted for the euro during 2000.

The transition to the euro as a basic currency within the EMU area has a favorable effect on the Group in the form of greater currency stability and lower transaction exposure. Since there are fewer currencies to be hedged, costs for hedging are reduced.

TRADE WITH CUSTOMERS AND SUPPLIERS

The euro enables transparency in pricing in different markets, which means that the new currency is related to strategic market issues. The euro facilitates comparison of the prices of similar products in different countries, and will contribute to increased competition.

At the end of 2000, price differentials between countries still remained to a large extent. However, a slow convergence has started to take place. Electrolux monitors these changes and is well prepared to adapt price strategies accordingly.

Trade in euros with customers is still limited but is increasing. Electrolux is prepared to switch to the euro when requested by customers.

The euro is gradually being introduced in transactions with suppliers. As an example, Electrolux Home Products in Europe made 65% of its material purchasing volume in euros in 2000. Purchasing in euros facilitates price comparisons and reduces both currency risks and uncertainty.

PARENT COMPANY

The parent company comprises the functions of the Group's head office as well as nine companies that operate on commission for AB Electrolux.

Net sales for the parent company in 2000 amounted to SEK 7,344m (6,685), of which SEK 4,191m (3,732) referred to sales to Group companies and SEK 3,153m (2,953) to sales to external customers. After allocations of SEK 1m (–39) and taxes of SEK 37m (–24), net income for the year amounted to SEK 6,504m (2,734).

Undistributed earnings in the parent company at year-end amounted to SEK 10,496m.

Net financial exchange-rate differences during the year amounted to SEK –452m (–552), of which SEK –26m (–607) comprised realized exchange losses on loans intended as hedges for equity in subsidiaries, while SEK –436m (19) comprised exchange losses on forward contracts for the same purpose.

No effect on Group income is normally generated by the above, since exchange differences are offset against the translation difference, i.e. the change in equity that arises when net assets in foreign subsidiaries are translated at year-end rates.

For information on the number of employees, salaries and remuneration, see Note 25 on page 52. For information on holdings in shares and participations, see Note 26, page 55.

PROPOSED DIVIDEND

The Board of Directors proposes an increase of the dividend for 2000 to SEK 4.00 per share, for a total dividend payment of SEK 1,365m (1,282). The proposed dividend corresponds to 30% (31) of net income per share for the year, excluding items affecting comparability. The Group's goal is that the dividend should normally correspond to 30–50% of net income for the year.

REPURCHASE OF OWN SHARES

The Annual General Meeting in April 2000 authorized a program for repurchase of up to 10% of the total number of shares during the period prior to the next Annual General Meeting.

As of December 31, 2000 the Group had repurchased 25,035,000 B-shares for a total of SEK 3,190m, corresponding to an average price of SEK 127.40 per share. Electrolux thus owns 6.84% of the total number of shares, corresponding to a total par value of SEK 125m. The Group has no voting rights for these shares. The total number of shares is 366,169,580.

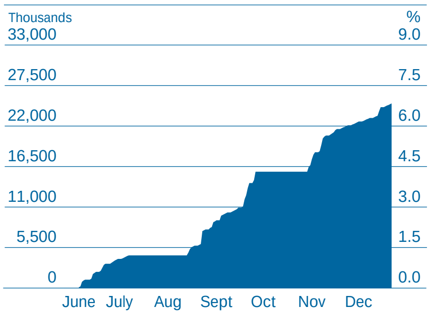
The Board of Directors has decided to propose that the Annual General Meeting in April, 2001 renew authorization for the Board to decide on purchase and sale of own A- and/or B-shares up to 10% of the total number of shares, i.e. at present to allow further repurchase of up to 3.16% of the total number of shares. The authorization would cover the period up to the next Annual General Meeting.

The intention is to continuously maintain a capability to adapt the capital structure to the needs of the Company, thereby contributing to increased shareholder value, and to effectively meet the Company's obligations under its option program.

Both purchases and sales could be implemented through offers directed to all shareholders, or by transactions on any stock exchange or regulated market where the Company's shares are quoted, at a price per share within the at each time registered interval between the highest buying price and the lowest selling price. Shares could also be sold in connection with acquisitions, with deviation from the preferential rights of shareholders.

Payment for shares sold may be made in cash, in kind, or by offsetting of claims against the Company. The Board may establish further conditions for the sale or assignment of shares.

Electrolux repurchase of own shares



At year-end 2000, Electrolux had bought back 25 million B-shares, corresponding to 6.8% of the total number of shares.

OPTION PROGRAMS

In 1998, an annual program for employee stock options was introduced for about 100 senior managers. Options are allotted on the basis of value created according to the Group's model for value creation. If no value has been created, no options are issued.

The maturity period of the options is 5 years. The options may not be exercised until at least 12 months after the date of allotment. The options can be used to purchase Electrolux B-shares at a strike price which is 15% higher than the average closing price of the Electrolux B-share on the OM Stockholm Exchange during a limited period prior to allotment.

The total number of options allotted under the 1998 program is 1,128,900 and the strike price is SEK 170. The total number of options allotted under the 1999 program is 1,770,200 and the strike price is SEK 216.

Options for the 2000 program will be allotted during the first half of 2001 on the basis of the increase in value created in 2000 relative to 1999. A provision of SEK 81m including employer contributions has been made for the 2000 program.

The Board has decided to grant Wolfgang König, the new Head of white goods outside North America, 118,400 synthetic employee stock options with the right to receive a cash amount for each option when exercised, calculated as the difference between the current share price and the strike price of SEK 147. The options may be exercised until July 1, 2006. The options have been allotted without consideration and as compensation for options he lost the right to when joining the Electrolux Group. This program will be hedged by an equity swap.

NEW EMPLOYEE STOCK OPTION PROGRAM FOR 2001

Electrolux has decided to introduce a new employee stock option program in 2001 under which approximately 3 million options will be allotted to about 200 senior managers. The options will be allotted free of charge, with a maturity period of 7 years. The strike price will exceed by 10% the average closing price of the Electrolux B-share on the OM Stockholm Exchange during a limited period prior to allotment.

In order to cost-effectively meet the obligations under the 2001 option program, the Board has decided to propose to the Annual General Meeting to resolve that out of previously repurchased shares in the company, 3 million shares of series-B may be sold to fulfill the undertakings under the program. Given such resolution, the cost for the 2001 program is estimated at SEK 30–40m, assuming a share price not higher than SEK 155 at allotment.

ALLOCATION OF SPP PENSION SURPLUS

During the year the Swedish insurance company SPP allocated a portion of the surplus in its pension funds to participating companies. Electrolux share of the surplus is SEK 435m, of which SEK 264m refers to the parent company.

This amount has been included in the accounts for 2000. Actual payments to Electrolux in 2000 amounted to SEK 279m. The remaining SEK 156m will be received in the first quarter of 2001.

AGREEMENT IN PENSION LITIGATION

In July 2000, the Group's US subsidiary White Consolidated Industries Inc. (WCI) reached an agreement in pension litigation with the Pension Benefit Guaranty Corporation (PBGC) in the US. The agreement stipulates that WCI refrains from appealing the decision against the company which was rendered in a US court, and that PBGC will correspondingly not exercise the judicial rights which follow from the court's decision.

In accordance with the agreement and subject to approval by appropriate authorities, WCI assumes responsibility for payment of the pension plans in question. In the event that this responsibility cannot be fulfilled, WCI will pay USD 180m plus interest to PBGC and the beneficiaries. It is expected that the final total cost will be covered by the provision of USD 225m (SEK 2,135m) which was made by the Group in 1999.

THE BOARD OF DIRECTORS' ACTIVITIES IN 2000

The Board of Directors of AB Electrolux consists of eight members with no deputies, who are elected by the Annual General Meeting, and three members with deputies, who are appointed by the employee organizations. Other company personnel participate in Board meetings, and provide presentations on specific issues.

Seven Board meetings including the statutory meeting were held during the year, one of them in connection with a visit to an operation in the US. In addition, three meetings addressing specific issues, were held.

The Board has adopted the following working procedures:

- 4–6 meetings per year shall normally be held, of which at least one in connection with a visit to a subsidiary.
- The Company's auditor shall submit a report to the Board at least once a year.
- Remuneration to senior management shall be proposed by a committee of Board members.

The working procedures also involve providing detailed instructions to the President as to which issues require the Board's approval, and the type of financial and other reports which shall be submitted to the Board. The instructions specify the maximum amounts which various decision-making functions within the Group have the right to approve for capital expenditure. The working procedures also cover the financial policy to be applied by the Group.

The Board has also established the practice of referring specific matters to an ad hoc committee for review and subsequent proposal to the Board. Such a committee was formed in order to implement the project for the new financial organization that was implemented during the year.

PREPARATORY DISCUSSIONS ON ELECTION OF DIRECTORS

The Chairman of the Board of Directors normally initiates the process of nominating members of the Board by approaching the Company's major shareholders for preparatory discussions, well in advance of the Annual General Meeting. A shareholder who wishes to propose Board members or otherwise comment on the composition of the Board may contact the Chairman, well in advance of the General Meeting. The results of the preparatory work are given in the written notice of the Annual General Meeting.

ENVIRONMENTAL ACTIVITIES

Electrolux operates 118 manufacturing facilities in 23 countries. Manufacturing operations comprise mainly assembly of components made by suppliers. Other processes include metalworking, molding of plastics, painting and enamelling, and casting of parts to a limited extent. Chemicals such as lubricants and cleaning fluids are used as process aids, and chemicals used in products include insulation materials, paint and enamel.

The production processes generate an environmental impact in the form of water- and air-borne emissions, solid waste, and noise.

Studies of the total effect of the Group's products during their entire lifetimes, i.e. through production and use to disposal, show that the greatest environmental impact is generated when the products are used. The stated Electrolux strategy is to develop and actively promote increased sales of products with lower environmental impact.

ISO CERTIFICATION

Environmental management systems are gradually being implemented at the Group's manufacturing facilities. During the year 2000, 6 plants were certified according to ISO 14001, involving the first factories to be certified in the US and Brazil. Since the start of the project Electrolux has certified 56 units, of which 13 have later been sold. At year-end 2000 a total of 43 plants had been certified.

MANDATORY PERMITS AND NOTIFICATION IN SWEDEN

Electrolux operates 16 plants in Sweden, which account for about 7% of the total value of the Group's production. Permits are required by Swedish authorities for 10 of these plants, while 6 are required to submit notification. The permits refer to e.g. thresholds or maximum permissible values for air- and water-borne emissions and for noise. No significant non-compliance with Swedish environmental legislation was reported in 2000.

For further information about Electrolux environmental activities, see pages 70–72.

Consolidated income statement

		2000 SEKm	1999 SEKm	2000 EURm	1999 EURm
Net sales	(Note 2)	124,493	119,550	14,099	13,982
Cost of goods sold		–93,549	–87,288	–10,594	–10,209
Gross operating income		30,944	32,262	3,505	3,773
Selling expense		–17,092	–18,450	–1,936	–2,158
Administrative expense		–5,585	–6,261	–633	–732
Other operating income	(Note 3)	130	192	15	22
Other operating expense	(Note 4)	–347	–323	–39	–38
Items affecting comparability	(Note 5)	–448	–216	–51	–25
Operating income	(Notes 2, 6, 25)	7,602	7,204	861	842
Interest income	(Note 7)	1,029	1,076	117	126
Interest expense	(Note 7)	–2,101	–2,138	–238	–250
Income after financial items		6,530	6,142	740	718
Taxes	(Note 8)	–2,121	–2,005	–240	–234
Minority interests in net income	(Note 9)	48	38	5	4
Net income		4,457	4,175	505	488
Net income per share, SEK, EUR	(Note 10)	12.40	11.40	1.40	1.33

Exchange rate: EUR 1 = SEK 8.83 (8.55)

Consolidated balance sheet

ASSETS		Dec. 31, 2000 SEKm	Dec. 31, 1999 SEKm	Dec. 31, 2000 EURm	Dec. 31, 1999 EURm
Fixed assets					
Intangible assets	(Note 11)	3,993	3,298	452	386
Tangible assets	(Note 12)	22,388	20,894	2,535	2,444
Financial assets	(Note 13)	3,299	3,859	374	451
Total fixed assets		29,680	28,051	3,361	3,281
Current assets					
Inventories, etc.	(Note 14)	16,880	16,171	1,911	1,891
Current receivables					
Accounts receivable		23,214	21,513	2,629	2,516
Other receivables		7,709	4,213	873	493
Prepaid expense and accrued income		1,384	1,384	157	162
		32,307	27,110	3,659	3,171
Liquid funds					
Short-term placements		3,386	5,341	384	625
Cash and bank balances		5,036	4,971	570	581
		8,422	10,312	954	1,206
Total current assets		57,609	53,593	6,524	6,268
TOTAL ASSETS		87,289	81,644	9,885	9,549
Assets pledged	(Note 15)	2,117	3,091	240	362

EQUITY AND LIABILITIES		Dec. 31, 2000 SEKm	Dec. 31, 1999 SEKm	Dec. 31, 2000 EURm	Dec. 31, 1999 EURm
Equity	(Note 16)				
Share capital	(Note 17)	1,831	1,831	207	214
Restricted reserves		11,850	11,036	1,342	1,291
Retained earnings		8,186	8,739	927	1,022
Net income		4,457	4,175	505	488
		26,324	25,781	2,981	3,015
Minority interests		810	825	92	96
Provisions					
Provisions for pensions and similar commitments	(Note 19)	4,048	3,972	458	464
Other provisions	(Note 20)	6,629	5,699	751	667
		10,677	9,671	1,209	1,131
Financial liabilities					
Long-term bond loans	(Note 21)	6,503	5,515	736	645
Mortgages, promissory notes, etc.	(Note 21)	9,796	11,198	1,110	1,310
Short-term loans		8,849	6,727	1,002	787
		25,148	23,440	2,848	2,742
Operating liabilities					
Accounts payable		12,975	11,132	1,469	1,302
Tax liabilities		946	641	107	75
Other liabilities		3,144	2,468	356	289
Accrued expense and prepaid income	(Note 22)	7,265	7,686	823	899
		24,330	21,927	2,755	2,565
TOTAL EQUITY AND LIABILITIES		87,289	81,644	9,885	9,549
Contingent liabilities	(Note 23)	1,325	957	150	112

Exchange rate: EUR 1 = SEK 8.83 (8.55)

Consolidated cash flow statement

		2000 SEKm	1999 SEKm	2000 EURm	1999 EURm
Operations					
Income after financial items		6,530	6,142	740	718
Depreciation according to plan charged against above income		3,810	3,905	431	457
Capital gain/loss included in operating income		–249	–1,620	–28	–189
Provision for restructuring		877	–507	99	–59
Provision for pension litigation		—	1,841	—	215
		10,968	9,761	1,242	1,142
Taxes paid		–2,329	–2,166	–264	–254
Cash flow from operations excl. change in operating assets and liabilities		8,639	7,595	978	888
Change in operating assets and liabilities					
Change in inventories		–17	264	–2	31
Change in accounts receivable		–884	–1,407	–100	–165
Change in other current assets		–3,002	–387	–340	–45
Change in current liabilities and provisions		1,363	2,595	155	304
Cash flow from operations		6,099	8,660	691	1,013
Investments					
Trademark		–450	—	–51	—
Operations	(Note 24)	–496	–418	–56	–49
Divestment of operations	(Note 24)	1,126	2,120	128	248
Machinery, buildings, land, construction in progress, etc.		–4,423	–4,439	–501	–519
Other		876	–400	99	–47
Cash flow from investments		–3,367	–3,137	–381	–367
Total cash flow from operations and investments		2,732	5,523	310	646
Financing					
Change in short-term loans		1,784	–4,039	202	–472
Change in long-term loans		–2,206	–553	–250	–65
Dividend paid, cash		–1,282	–1,099	–145	–129
Repurchase of shares		–3,193	—	–362	—
Cash flow from financing		–4,897	–5,691	–555	–666
Total cash flow		–2,165	–168	–245	–20
Liquid funds at beginning of year		10,312	11,387	1,168	1,332
Exchange-rate differences referring to liquid funds		275	–907	31	–106
Liquid funds at year-end		8,422	10,312	954	1,206
Change in net borrowings					
Total cash flow excl. change in loans		–1,743	4,646	–197	543
Net borrowings at beginning of year		–13,423	–17,966	–1,520	–2,101
Exchange-rate differences referring to net liquidity		–1,810	–103	–205	–12
Net borrowings at year-end		–16,976	–13,423	–1,922	–1,570

Exchange rate: EUR 1 = SEK 8.83 (8.55)

Parent company income statement

		2000 SEKm	1999 SEKm	2000 EURm	1999 EURm
Net sales		7,344	6,685	832	782
Cost of goods sold		–6,072	–5,228	–688	–612
Gross operating income		1,272	1,457	144	170
Selling expense		–695	–749	–78	–88
Administrative expense		–376	–636	–43	–74
Other operating income	(Note 3)	33	19	4	2
Other operating expense	(Note 4)	–632	–337	–72	–39
Operating income	(Note 25)	–398	–246	–45	–29
Group contributions		1,229	861	139	101
Interest income	(Note 7)	7,416	3,987	840	466
Interest expense	(Note 7)	–1,781	–1,805	–202	–211
Income after financial items		6,466	2,797	732	327
Allocations	(Note 18)	1	–39	0	–4
Income before taxes		6,467	2,758	732	323
Taxes	(Note 8)	37	–24	5	–3
Net income		6,504	2,734	737	320

Exchange rate: EUR 1 = SEK 8.83 (8.55)

Parent company balance sheet

ASSETS		Dec. 31, 2000 SEKm	Dec. 31, 1999 SEKm	Dec. 31, 2000 EURm	Dec. 31, 1999 EURm
Fixed assets					
Intangible assets	(Note 11)	429	7	49	1
Tangible assets	(Note 12)	781	826	88	97
Financial assets	(Note 13)	31,310	30,590	3,546	3,577
Total fixed assets		32,520	31,423	3,683	3,675
Current assets					
Inventories, etc.	(Note 14)	690	630	78	74
Current receivables					
Receivables from subsidiaries		4,517	2,933	511	343
Accounts receivable		554	585	63	69
Tax refund claim		49	30	6	4
Other receivables		511	27	58	3
Prepaid expense and accrued income		128	97	14	11
		5,759	3,672	652	430
Liquid funds					
Short-term placements		795	1,730	90	202
Cash and bank balances		1,906	2,001	216	234
		2,701	3,731	306	436
Total current assets		9,150	8,033	1,036	940
TOTAL ASSETS		41,670	39,456	4,719	4,615
Assets pledged	(Note 15)	9	11	1	1

EQUITY AND LIABILITIES		Dec. 31, 2000 SEKm	Dec. 31, 1999 SEKm	Dec. 31, 2000 EURm	Dec. 31, 1999 EURm
Equity	(Note 16)				
Share capital	(Note 17)	1,831	1,831	207	214
Statutory reserve		2,731	2,731	309	319
Retained earnings		3,992	5,733	452	671
Net income		6,504	2,734	737	320
		15,058	13,029	1,705	1,524
Untaxed reserves	(Note 18)	586	587	66	69
Provisions					
Provisions for pensions and similar commitments	(Note 19)	217	204	25	24
Other provisions	(Note 20)	245	206	27	24
		462	410	52	48
Financial liabilities					
Payable to subsidiaries		10,527	10,113	1,192	1,183
Bond loans		7,695	6,881	872	805
Mortgages, promissory notes, etc.		4,844	4,814	549	563
Short-term loans		339	1,689	38	197
		23,405	23,497	2,651	2,748
Operating liabilities					
Payable to subsidiaries		685	403	78	47
Accounts payable		655	588	74	69
Other liabilities		99	51	11	6
Accrued expense and prepaid income	(Note 22)	720	891	82	104
		2,159	1,933	245	226
TOTAL EQUITY AND LIABILITIES		41,670	39,456	4,719	4,615
Contingent liabilities	(Note 23)	7,870	4,707	1,213	551

Exchange rate: EUR 1 = SEK 8.83 (8.55)

Parent company cash flow statement

	2000 SEKm	1999 SEKm	2000 EURm	1999 EURm
Operations				
Income after financial items	6,467	2,797	732	327
Depreciation according to plan charged against above income	226	216	26	25
Capital gain/loss included in operating income	–40	–29	–5	–3
	6,653	2,984	753	349
Taxes paid	19	–27	3	–3
Cash flow from operations excl. change in operating assets and liabilities	6,672	2,957	756	346
Change in operating assets and liabilities				
Change in inventories	–60	–37	–7	–4
Change in accounts receivable	31	–154	4	–18
Change in current intra-Group balances	–107	1,736	–12	203
Change in other current assets	–515	78	–59	9
Change in current liabilities and provisions	–4	217	–1	25
Cash flow from operations	6,017	4,797	681	561
Investments				
Change in shares and participations	–2,168	5,810	–246	679
Machinery, buildings, land, construction in progress, etc.	–565	–302	–64	–35
Other	667	–3,556	76	–416
Cash flow from investments	–2,066	1,952	–234	228
Total cash flow from operations and investments	3,951	6,749	447	789
Financing				
Change in short-term loans	–1,350	–1,371	–153	–160
Change in long-term loans	844	–2,584	96	–302
Dividend paid, cash	–1,282	–1,099	–145	–129
Repurchase of shares	–3,193	—	–362	—
Cash flow from financing	–4,981	–5,054	–564	–591
Total cash flow	–1,030	1,695	–117	198
Liquid funds at beginning of year	3,731	2,036	423	238
Liquid funds at year-end	2,701	3,731	306	436
Change in net borrowings				
Total cash flow excl. change in loans	–524	5,650	–59	661
Net borrowings at beginning of year	–9,653	–15,303	–1,093	–1,790
Net borrowings at year-end	–10,177	–9,653	–1,152	–1,129

Exchange rate: EUR 1 = SEK 8.83 (8.55)

Notes to the financial statements

Note 1. ACCOUNTING AND VALUATION PRINCIPLES

General accounting principles

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Sweden, thereby applying the Swedish Financial Accounting Standards Council's standards. These accounting principles differ in certain respects from those in the United States. For a description of significant differences, see Note 27. In the interest of achieving comparable financial information within the Group, Electrolux companies apply uniform methods for reporting obsolescence on inventories, provisions for doubtful receivables, provisions for guarantee commitments, depreciation on fixed assets, etc., irrespective of national fiscal legislation. In some countries it is permissible to make additional allocations, which are reported under "Restricted equity" after deduction of deferred taxes.

The following should be noted:

- In the consolidated income statement, Group interests in associated companies are divided into a share of income before taxes and a share of taxes.
- The cash flow statement has been prepared according to the indirect method. In order to eliminate the effects of changes in exchange rates from year to year, both the opening and closing balances have been translated at average exchange rates for the year.
- Computation of net debt/equity, equity/assets and net assets includes minority interests in adjusted shareholders' equity. Definitions of these ratios are given on page 60.

Principles applied for consolidation

The consolidated financial statements have been prepared in accordance with Standard RR 1:96 of the Swedish Financial Accounting Standards Council and involve application of the purchase method, whereby the assets and liabilities in a subsidiary on the date of acquisition are evaluated to determine the acquisition value to the Group. Any differences between the acquisition price and the market value of the acquired net assets are reported as goodwill or negative goodwill.

Definition of Group companies

The consolidated financial statements include AB Electrolux and all companies in which the parent company at year-end directly or indirectly owns more than 50% of the voting rights referring to all shares and participations, or in which the company exercises decisive control in other ways.

The following applies to acquisitions and divestments during the year:

– Companies acquired during the year have been included in the consolidated income statement as of the date of acquisition.
– Companies divested during the year have been included in the consolidated income statement up to and including the date of divestment.

At year-end 2000 the Group comprised 429 (462) operating units, and 334 (368) companies.

Associated companies

Major investments in associated companies, i.e. those in which the parent company directly or indirectly owned 20–50% of the voting rights at year-end, have been reported according to the equity method. This means that the Group's share of income before taxes in an associated company is reported as part of the Group's operating income. Investments in such a company are reported at a value which corresponds to the Group's share of the company's equity, adjusted for possible over- and under-value. Computation of equity in an associated company includes untaxed reserves in equity after deductions for deferred taxes.

Minor investments in associated companies are reported as shares and participations at acquisition cost.

Goodwill

Goodwill is reported as an intangible asset and is depreciated over the estimated useful life, which is normally 10–20 years. Goodwill arising from strategic acquisitions is depreciated over 20–40 years.

Acquisitions are an important component of the Group's expansion, and are often made in competition with other companies whose accounting practices differ from the Swedish, e.g. with respect to goodwill. Electrolux applies a depreciation period of 40 years for the goodwill that arose from the strategically important acquisitions of Zanussi, White and American Yard Products. In accordance with the transitional rules in the recommendation of the Swedish Financial Accounting Standards Council regarding corporate reporting, Note 11 reports the effects that would arise if the depreciation period for these three acquisitions were limited to 20 years.

Estimated useful life is reviewed annually to determine whether the current depreciation schedule should be revised.

Translations of financial statements in foreign subsidiaries

The balance sheets of foreign subsidiaries have been translated into Swedish kronor at year-end rates. Income statements have been translated at the average rates for the year. Translation differences thus arising have been taken directly to equity.

The above principles have not been applied for subsidiaries in countries with highly inflationary economies. Translation differences referring to these companies have been charged against income. This method enables increases and/or decreases in equity in countries with highly inflationary economies to be reported in their entirety in the consolidated income statement.

Hedging of net investment

The parent company uses forward contracts and loans in foreign currencies as hedges for the net foreign investment. Exchange-rate differences related to these contracts and loans have been charged to the Group's equity after deduction of taxes, to the extent there are corresponding translation differences.

Other accounting and valuation principles

Revenue recognition

Sales of products and services are recorded as of the date of shipment, when the sale is invoiced. Net sales include the sale value less VAT (Value-Added Tax), specific sales taxes, returns and trade discounts.

Costs of research and development

These costs are reported on a current basis and are included in "Cost of goods sold" in the consolidated income statement.

Depreciation of tangible fixed assets

Depreciation according to plan is based on the original acquisition value of the asset prior to write-offs against investment reserves or their equivalents. The depreciation period is based on the estimated useful life of the asset. Depreciation according to plan is distributed by function, according to the way the asset is used.

The parent company reports the difference between fiscal depreciation and depreciation according to plan in the income statement under "Allocations." The corresponding item in the balance sheet is reported as "Accumulated depreciation in excess of plan" under "Untaxed reserves." Accumulated depreciation in excess of plan includes utilization of investment funds, etc. See Note 18.

Other operating income and expense

These items include profits and losses arising from sale of fixed assets and divestment of operations, as well as the share of income in associated companies. Other operating expense also includes depreciation of goodwill. See Notes 3 and 4.

Items affecting comparability

This item includes events and transactions with effects on income that are of significance when income for the period is compared with that for other periods.

Taxes

Taxes incurred by the Electrolux Group are affected by allocations and other fiscally motivated arrangements in individual Group companies. They are also affected by utilization of tax-loss carry-forwards referring to previous years or to acquired companies. This applies to both Swedish and foreign Group companies. Tax-loss carry-forwards are recognized only if it is probable that they will be utilized. A comparison of the Group's nominal and actual tax rates is given in Note 8.

Receivables and liabilities in foreign currency

Receivables and liabilities are valued at year-end rates. Financial receivables and liabilities for which forward contracts have been arranged are reported at the spot rates prevailing on the date of the contract. The premium is amortized on a current basis and reported as interest.

Loans and forward contracts intended as hedges for equity in foreign subsidiaries are reported in the parent company at the rate prevailing on the date when the loan or contract arose. In the consolidated accounts, these loans and forward contracts are valued at year-end rates and the exchange differences of the parent company are charged directly to equity after deduction of taxes.

With regard to forward contracts intended as hedges for the cross-border flow of goods and services, accounts receivable and accounts payable are valued at contract rates.

Inventories

Inventories are valued at the lower of acquisition cost and market value. Acquisition cost is computed according to the first-in, first-out method (FIFO). Appropriate provisions have been made for obsolescence.

Financial fixed assets

Shares and participations in major associated companies are accounted for according to the equity method. Other financial fixed assets are reported at acquisition value.

US GAAP

Information in conformity with US GAAP (US Generally Accepted Accounting Principles) is given in Note 27 and in the separate 20-F Form which is submitted annually to the SEC (Securities and Exchange Commission) in the United States.

Note 2. NET SALES AND OPERATING INCOME (SEKm)

	Net sales		Operating income	
	2000	1999	2000	1999
Net sales and operating income, by business area				
Consumer Durables	98,488	91,689	5,779	4,997
Professional Indoor	17,561	20,450	1,577	1,902
Professional Outdoor	8,039	7,100	1,153	983
Other	405	311	–59	–64
Common Group costs	—	—	–400	–398
Items affecting comparability	—	—	–448	–216
Total	124,493	119,550	7,602	7,204
Net sales and operating income, by geographical area				
Europe	58,169	60,016	4,353	4,677
North America	52,906	47,675	3,884	3,290
Rest of the world	13,418	11,859	–187	–547
Items affecting comparability	—	—	–448	–216
Total	124,493	119,550	7,602	7,204

Operating income includes net exchange differences in the amount of SEK –102m (–10).

Exports from Sweden during the year amounted to SEK 9,166m (9,265), of which SEK 7,047m (7,317) were to Group subsidiaries. The Group's Swedish factories accounted for 7.2% (8.6) of the total value of production.

Note 3. OTHER OPERATING INCOME (SEKm)

	Group		Parent company	
	2000	1999	2000	1999
Gain on sale of:				
Tangible fixed assets	78	137	3	19
Operations and shares	52	55	30	—
Total	130	192	33	19

Note 4. OTHER OPERATING EXPENSE (SEKm)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Loss on sale of:				
Tangible fixed assets	–60	–42	–5	–4
Operations and shares	–62	–60	–627	–333
Shares of income in associated companies	–19	–11	—	—
Depreciation on goodwill	–206	–210	—	—
Total	–347	–323	–632	–337

Note 5. ITEMS AFFECTING COMPARABILITY (SEKm)

	Group 2000	Group 1999
Allocation of SPP pension surplus	435	—
Capital gain, professional refrigeration	241	—
Restructuring, Consumer Durables	–883	—
Restructuring, Professional Products	–241	—
Capital gain, vending machines	—	1,625
Provision for pension litigation	—	–1,841
Total	–448	–216

The above items are described in the Report by the Board of Directors, page 29.

Note 6. LEASING (SEKm)

In 2000 the Group rented 1.3 million square meters in accordance with operational leasing contracts. The Group also has leasing contracts for office equipment, etc.

The Group's leasing costs for 1999 and 2000 and future payment obligations for 2001 and onward amount to:

	Operating leases	Financial leases
1999	773	53
2000	828	53

The book value of assets under financial leases consists of building and land in the amount of SEK 295m.

	Operating leases	Financial leases
2001	714	47
2002–05	1,537	165
2006–	831	22
Total	3,082	234

Note 7. INTEREST INCOME AND EXPENSE (SEKm)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Interest income				
Interest income and similar items				
From subsidiaries	—	—	688	450
From others	1,011	1,061	180	170
Income from other securities and receivables classified as fixed assets				
Dividends from subsidiaries	—	—	6,544	3,365
Dividends from others	18	15	4	2
Total interest income	1,029	1,076	7,416	3,987
Interest expense				
Interest expense and similar items				
To subsidiaries	—	—	–466	–259
To others	–2,110	–2,198	–863	–994
Exchange differences				
On loans and forward contracts as hedges for equity in subsidiaries	—	—	–462	–588
On other loans and borrowings, net	9	60	10	36
Total interest expense	–2,101	–2,138	–1,781	–1,805

Premiums on forward contracts intended as hedges for equity in subsidiaries have been amortized as interest in the amount of SEK –64m (104). In the consolidated accounts, exchange differences in the parent company on loans and forward contracts intended as hedges for equity in subsidiaries have been charged to equity after deduction of taxes. The net change in equity was SEK 575m (345). Group interest income includes income of SEK 34m (137) and interest expense of SEK 33m (132) referring to interest arbitrage transactions. Receivables and liabilities referring to interest arbitrage amounted to SEK 812m (4,119) at year-end, and have been excluded.

Note 8. TAXES (SEKm)

	Group		Parent company	
	2000	1999	2000	1999
Income taxes	–1,857	–2,722	40	–24
Deferred taxes	–249	749	—	—
Dividend tax	–3	–24	–3	—
Group share of taxes in associated companies	–12	–8	—	—
Total	–2,121	–2,005	37	–24

As of December 31, 2000 the Group had a tax-loss carry-forward of SEK 3,835m (3,782), which has not been included in computation of deferred tax assets.

Theoretical and actual tax rates (%)	Group	
	2000	1999
Theoretical tax rate	38.2	38.4
Losses for which deductions have not been made	3.5	3.0
Non-taxable income-statement items, net	–2.1	–1.2
Timing differences	–3.0	0.6
Utilized tax-loss carry-forwards	–3.3	–8.1
Dividend tax	—	0.4
Other	–0.8	–0.5
Actual tax rate	32.5	32.6

The theoretical tax rate for the Group is calculated on the basis of weighted total Group net sales per country, multiplied by the local statutory tax rates. In addition, the theoretical tax rate is adjusted for the effect of non-deductible depreciation of goodwill.

Note 9. MINORITY INTERESTS (SEKm)

	2000	1999
Minority interests in:		
Income after financial items	43	27
Taxes	5	11
Net income	48	38

Note 10. NET INCOME PER SHARE

	2000	1999
Net income, SEKm	4,457	4,175
Number of shares 359,083,955[1]		
Net income per share, SEK	12.40	11.40

1) Weighted average number of shares outstanding through the year, after repurchase of own shares.

Note 11. INTANGIBLE ASSETS (SEKm)

	Group			Parent company
	Goodwill	Other	Total	Brands, etc.
Opening balance	3,168	130	3,298	7
Acquired during the year	300	453	753	450
Sold during the year	–95	–26	–121	—
Depreciation for the year	–206	–11	–217	–28
Exchange-rate differences	268	12	280	—
Closing balance	3,435	558	3,993	429

Three items of goodwill are depreciated by the Group over 40 years. If this goodwill were to be depreciated over 20 years instead, in accordance with Recommendation No. RR 1:96 of the Swedish Financial Accounting Standards Council, income for the year would decline by SEK 98m (91), and the residual value of goodwill would be reduced by SEK 1,284m (1,123), while equity would decline in a corresponding amount. Depreciation on goodwill is reported under other operating expense. Book values are examined each year to determine whether a write-down exceeding the planned amortization is necessary.
The right to use the Electrolux brand in North America, aquired in May 2000, is depreciated over 40 years in the consolidated accounts.

Note 12. TANGIBLE FIXED ASSETS (SEKm)

	Buildings and land	Machinery and technical installations	Other equipment	Construction in progress and advances	Total
Group					
Acquisition costs					
Opening balance	11,377	32,659	3,961	2,346	50,343
Acquired during the year	273	1,454	502	2,194	4,423
Corporate acquisitions/divestments	–210	–398	–17	–3	–628
Transfer of work in progress and advances	167	1,672	22	–1,861	0
Sales, scrapping, etc.	–321	–967	–596	–11	–1,895
Exchange differences	645	1,981	146	263	3,035
Closing balance	11,931	36,401	4,018	2,928	55,278
Accumulated depreciation according to plan					
Opening balance	4,243	22,828	2,378	—	29,449
Depreciation for the year	415	2,679	499	—	3,593
Corporate acquisitions/divestments	–88	–297	–38	—	–423
Sales, scrapping, etc.	–165	–896	–532	—	–1,593
Exchange differences	270	1,492	102	—	1,864
Closing balance	4,675	25,806	2,409	—	32,890
Balance-sheet value	7,256	10,595	1,609	2,928	22,388

Tax assessment value, Swedish Group companies: Buildings SEK 407m (495), land SEK 104m (113).

Accumulated write-ups on buildings and land at year-end: SEK 19m (19).

	Buildings and land	Machinery and technical installations	Other equipment	Construction in progress and advances	Total
Parent company					
Acquisition costs					
Opening balance	201	1,701	329	39	2,270
Acquired during the year	1	115	47	27	190
Transfer of work in progress and advances	—	19	1	–20	0
Sales, scrapping, etc.	–16	–175	–52	—	–243
Closing balance	186	1,660	325	46	2,217
Accumulated depreciation according to plan					
Opening balance	138	1,167	139	—	1,444
Depreciation for the year	5	157	36	—	198
Sales, scrapping, etc.	–5	–153	–48	—	–206
Closing balance	138	1,171	127	—	1,436
Balance-sheet value	48	489	198	46	781

Tax assessment value: Buildings SEK 194m (260), land SEK 51m (52).

Undepreciated write-ups on buildings and land: SEK 9m (9).

Note 13. FINANCIAL FIXED ASSETS (SEKm)

	Group		Parent company	
	2000	1999	2000	1999
Participations in associated companies	191	223	—	—
Participations in other companies	329	281	94	94
Shares in subsidiaries	—	—	22,490	20,322
Long-term receivables in subsidiaries	—	—	8,378	9,625
Long-term holdings in securities	208	367	—	—
Deferred taxes	801	924	—	—
Other receivables	1,770	2,064	348	549
Total	3,299	3,859	31,310	30,590

A specification of shares and participations is given in Note 26.

Note 14. INVENTORIES (SEKm)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Raw materials	4,397	4,169	152	155
Work in progress	912	793	17	45
Finished products	11,987	11,587	521	430
Advances to suppliers	52	36	—	—
Advances from customers	–468	–414	—	—
Total	16,880	16,171	690	630

Note 15. ASSETS PLEDGED FOR LIABILITIES TO CREDIT INSTITUTIONS (SEKm)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Real-estate mortgages	1,095	1,817	—	—
Corporate mortgages	9	11	—	—
Receivables	383	342	—	—
Inventories	387	336	—	—
Other	243	585	9	11
Total	2,117	3,091	9	11

Note 16. EQUITY (SEKm)

	Share capital	Restricted reserves	Retained earnings	Net income	Total
Group					
Opening balance	1,831	11,036	8,739	4,175	25,781
Transfer of retained earnings	—	—	4,175	–4,175	—
Dividend payment	—	—	–1,282	—	–1,282
Repurchase of shares	—	—	–3,193	—	–3,193
Translation differences	—	—	561	—	561
Transfers between restricted and unrestricted equity	—	814	–814	—	—
Net income	—	—	—	4,457	4,457
Closing balance	1,831	11,850	8,186	4,457	26,324

Unrestricted consolidated earnings amount to SEK 12,643m. No allocation to restricted reserves is required. SEK 2,316m (2,127) referring to the share of equity in timing differences is reported under “Restricted reserve” in the balance sheet. This amount can be transferred to unrestricted reserves but the timing differences will then be subject to taxation. The accumulated translation differences charged to equity since January 1, 1998 amount to SEK –353m (–914). Translation differences in 2000 amount to SEK 561m and have been reduced by SEK 575m through equity hedging.

	Share capital	Statutory reserve	Retained earnings	Net income	Total
Parent company					
Opening balance	1,831	2,731	5,733	2,734	13,029
Transfer of retained earnings	—	—	2,734	–2,734	—
Dividend payment	—	—	–1,282	—	–1,282
Repurchase of shares	—	—	–3,193	—	–3,193
Net income	—	—	—	6,504	6,504
Closing balance	1,831	2,731	3,992	6,504	15,058

Note 17. SHARE CAPITAL AND NUMBER OF SHARES (SEKm)

	Value at par
On December 31, 2000 the share capital comprised the following:	
10,000,000 A-shares, par value SEK 5	50
356,169,580 B-shares, par value SEK 5	1,781
Total	1,831

A-shares carry one vote and B-shares one-tenth of a vote.

As of December 31, 2000 Electrolux had repurchased 25,035,000 B-shares, with a total par value of SEK 125m.

Note 18. UNTAXED RESERVES, PARENT COMPANY (SEKm)

	Opening balance	Allocations	Closing balance
Tax equalization reserve (L-fund)	6	–6	—
Accumulated depreciation in excess of plan on:			
Brands	3	63	66
Machinery and equipment	373	–29	344
Buildings	26	–4	22
Exchange-rate reserve	42	–11	31
Other financial reserves	25	–14	11
Tax allocation reserve	112	—	112
Total	587	–1	586

Other financial reserves include fiscally permissible allocations referring to receivables in subsidiaries in politically and economically unstable countries.

Note 19. PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS (SEKm)

	Group		Parent company	
	2000	1999	2000	1999
Interest-bearing pensions	250	295	217	204
Other pensions	1,106	1,227	—	—
Other commitments	2,692	2,450	—	—
Total	4,048	3,972	217	204

In 1998 two Group pension funds were established for the Group's Swedish companies in order to secure pension commitments related to the ITP plan, i.e. PRI pensions.

The Electrolux 1997 pension fund secures pensions earned through 1997, and the Electrolux 1998 pension fund secures pensions earned from 1998 onward. The parent company and Swedish subsidiaries secure PRI pensions in the latter fund by allocations to own pension funds. In 2000, SEK 15m was paid into the 1998 fund.

The year-end market value of assets in the 1997 and 1998 pension funds amounted to SEK 1,476m (1,473) and SEK 123m (108) respectively. The market value of assets in the 1997 fund exceeded the capital value of pension commitments by SEK 656m (397). The market value of assets in the 1998 fund was SEK 84m (15) less than the value of pension commitments. A provision has been made in the balance sheet of the respective units as of December 31, 2000 for the deficit in the 1998 fund.

Pension obligations in the amount of SEK 275m have been prepaid by Electrolux units to SPP in respect of the 1997 pension fund. This amount will be refunded to the respective units in February 2001.

The pension funds are managed by external investment companies, and the portfolio comprises both shares and interest-bearing securities. Most of the cash assets in the funds had been invested by year-end 2000.

Note 20. OTHER PROVISIONS (SEKm)

	Group		Parent company	
	2000	1999	2000	1999
Provision for restructuring	1,020	180	19	7
Guarantee commitments	1,072	1,141	84	76
Pension litigation	2,135	1,841	—	—
Other	2,402	2,537	142	123
Total	6,629	5,699	245	206

Note 21. INTEREST-BEARING LIABILITIES (SEKm)

	Group	
	2000	1999
Short-term loans	8,849	6,727
Long-term loans	16,299	16,713
Interest-bearing pensions	250	295
Total	25,398	23,735

Long-term borrowings, incl. swap-transactions, by currency:	2000 SEKm	1999 SEKm
USD	7,163	9,612
EUR	7,986	6,669
Other currencies	1,150	432
Total	16,299	16,713

Long-term borrowings mature as follows:	2000 SEKm
2001	3,852
2002	2,136
2003	471
2004	4,030
2005	3,672
2006	507
Thereafter, through 2038	1,631
Total	16,299

At year-end 2000 the Group had unutilized, uncommitted credit facilities in the amount of SEK 23,270m (19,733).

Note 22. ACCRUED EXPENSE AND PREPAID INCOME (SEKm)

	Group		Parent company	
	2000	1999	2000	1999
Accrued holiday pay	997	884	182	180
Other accrued payroll costs	864	1,274	114	116
Accrued interest expense	262	437	166	249
Prepaid income	887	924	2	3
Other accrued expense	4,255	4,167	256	343
Total	7,265	7,686	720	891

Note 23. CONTINGENT LIABILITIES (SEKm)

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Discounted bills	66	15	—	—
Accounts receivable, with recourse	660	369	—	—
Guarantees and other commitments				
On behalf of subsidiaries	—	—	7,736	4,580
Other	483	444	100	90
Capital value of pension commitments in excess of reported liability	116	129	34	37
Total	1,325	957	7,870	4,707

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are given as part of the Group's normal course of business. There was no indication at year-end that payment will be required in connection with any contractual guarantees.

Note 24. ACQUIRED AND DIVESTED OPERATIONS (SEKm)

	Group 2000	Group 1999
Fixed assets	18	97
Inventories	–272	–108
Receivables	–251	–764
Other current assets	–102	–103
Liquid funds	–37	–147
Loans	22	204
Other liabilities and provisions	196	592
Purchase price	667	1,849
Liquid funds in acquired/divested operations	–37	–147
Effect on Group liquid funds	630	1,702

Note 25. EMPLOYEES AND PAYROLL COSTS

The average number of employees in 2000 was 87,128 (92,916), of whom 58,962 (63,362) were men and 28,166 (29,554) were women.

	Group 2000	Group 1999
Number of employees by geographical area		
Europe	49,671	52,032
North America	22,879	23,174
Rest of the world	14,578	17,710
Total	87,128	92,916

Salaries, other remuneration and employer contributions (SEKm)	2000 Salaries and remuneration	2000 Employer contributions	1999 Salaries and remuneration	1999 Employer contributions
Parent company	1,143	509	1,155	604
(of which pension costs)		(121)*		(116)*
Subsidiaries	16,098	4,349	16,657	4,714
(of which pension costs)		(331)		(429)
Group total	17,241	4,858	17,812	5,318
(of which pension costs)		(452)		(545)

*) Of which SEK 6m (19) refers to pension costs for the current company President and his predecessors.

Note 25. EMPLOYEES AND PAYROLL COSTS (continued)

Salaries and remuneration for Board members, Presidents and other employees, by geographical area (SEKm)	2000 Boards and Presidents	2000 Other employees	1999 Boards and Presidents	1999 Other employees
Sweden				
Parent company	14	1,129	19	1,136
Other	22	882	31	963
Total Sweden	36	2,011	50	2,099
EU excluding Sweden	134	8,355	151	8,622
Rest of Europe	40	870	41	899
North America	63	4,802	74	4,971
Latin America	24	478	22	461
Asia	26	304	29	276
Africa	2	29	1	42
Oceania	3	64	4	70
Total outside Sweden	292	14,902	322	15,341
Group total	328	16,913	372	17,440

Remuneration, etc. to the Chairman of the Board, the President, other members of senior Group management and auditors

In accordance with the decision by the Annual General Meeting, fees to the Board of Directors were paid in the amount of SEK 2,800,000, comprising SEK 1,000,000 to the Chairman, SEK 350,000 to the Deputy Chairman and SEK 275,000 to each of the other members who are not employed by the Group. One member of the Board, Ms. Bruzelius, was paid SEK 75,000 (in addition to SEK 275,000) due to her comprehensive engagement in the project for changing the financial organization, which was implemented during the year.

The President and CEO received a fixed annual salary of SEK 6,600,000. The bonus for 2000 amounts to SEK 2,621,000. The method for computing the President's bonus was changed in 2000, in accordance with the principles used within the Group to reward value creation. The bonus is generated at a higher level of value created than the previous year, and increases at a linear rate above that level. The President has also received 26,000 options under the 2000 options program. The retirement age of the President is 60. The President is covered by the ITP plan, and in addition is entitled to a lifetime pension consisting of 32.5% of the portion of salary as of the date of retirement that corresponds to 20–30 times the basic amount according to the Swedish National Insurance Act, 50% of the portion corresponding to 30–100 times the basic amount, and 32.5% of the portion exceeding 100 times the basic amount. Between the age of 60 and 65, an additional pension will be paid amounting to 5% of salary as of the date of retirement, maximized to 30 times the basic amount. Pension rights from previous employment are included in the above. There is no agreement for special severance pay.

Similar pension agreements apply for other members of Group management employed in Sweden, although the pensionable age is 65. For members of Group management employed outside Sweden, different pension terms apply according to the country of employment, with the right to receive pensions at 60 years of age at the earliest. There are no agreements for special severance pay.

The total capital value of pension commitments referring to the current President, his predecessors and their survivors amount to SEK 105m (108).

Fees in 2000 to KPMG, which performs virtually all external auditing within the Group, amounted to SEK 28m referring to audits, and SEK 35m referring to various types of consultancy for the Group. Audit fees to other audit firms amounted to SEK 1m.

Annual option program

The annual option program introduced in 1998 entitles about 100 senior managers to allotment of stock options. Three categories of personnel are covered by the program, and each category is allotted a specific number of options, based on the value created according to the Group's model for value creation. No options are issued if there is no increase in value. See definition, page 61.

The maturity period of the options is 5 years. The options may not be exercised until at least 12 months after the date of allotment. The options can be used to purchase Electrolux B-shares at a strike price which is 15% higher than the average closing price of the Electrolux B-share on the OM Stockholm Exchange during a limited period prior to allotment.

Within the framework of the 1998 program, a total of 1,128,900 options were allotted in March 1999, with a strike price of SEK 170. A provision of SEK 48m (52), including employer contributions, has been made for the 1998 program. The program is secured by an equity swap agreement.

Within the framework of the 1999 program, a total of 1,770,200 options were allotted in February 2000, with a strike price of SEK 216. A provision of SEK 101m (85), including employer contributions, has been made for the 1999 program. The program is secured by an equity swap agreement.

Options for the 2000 program will be allotted during the first half of 2001 on the basis of the additional value created in 2000, relative to 1999. A provision of SEK 81m, including employer contributions, has been made for the 2000 program.

Synthetic options 2000

The Board has decided to grant Wolfgang König, the new Head of white goods outside North America, 118,400 synthetic employee stock options with the right to receive a cash amount for each option when exercised, calculated as the difference between the current share price and the strike price of SEK 147. The options may be exercised until July 1, 2006. The options have been allotted without consideration and as compensation for options he lost the right to when joining the Electrolux Group. This program will be hedged by an equity swap.

Note 25. EMPLOYEES AND PAYROLL COSTS (continued)

Synthetic options 1993

Of the approximately 150 senior managers who were offered synthetic options in 1993, 112 exercised the right to subscribe to these options in January, 1994. The options were priced according to prevailing market conditions at SEK 35. A total of 2,530,000 options were issued, after adjustment for a stock split of 5:1 in 1998.

At year-end 2000 there were 16 (18) owners remaining with total holdings of 383,355 (411,270) options. The strike price is SEK 81, and the options mature on January 10, 2002.

The value of the options is indexed to the Electrolux share price. The options cannot be used for purchase of the company's shares, but will be redeemed in cash by the company. The change in the value of these synthetic options is included in the annual Electrolux income statement. At year-end the total provision was SEK 50m (53), and net income for the year has been credited with SEK 1m (–33).

Note 26. SHARES AND PARTICIPATIONS

Associated companies	Holding, %	Book value, equity method, SEKm
Atlas Eléctrica, S.A., Costa Rica	20.0	76
Shanghai-Zanussi Elettromeccanica Co. Ltd, China	30.0	56
Eureka Forbes Ltd, India	40.0	55
Sidème S.A., France	34.0	22
Saudi Refrig Mfg, Saudi Arabia	49.0	11
A/O Khimki Husqvarna, Russia	50.0	5
Viking Financial Services, USA	50.0	5
Zanussi Elettromeccanica Wanbao Refrig Tech Co. Ltd, China	50.0	3
IVG Bulka-Lehel GmbH, Germany	50.0	1
e2 Home AB, Sweden	50.0	1
Automatic Minibar System Ltd, United Kingdom	50.0	–1
MISR Compressor Manufacturing, Co., S.A.E., Egypt	27.7	–43
		191

Other companies	Holding, %	Book value, SEKm
Email Ltd, Australia	5.1	144
Primus Capital Fund II, USA	—	117
Winful J/V, China	5.0	19
Business Partners B.V., The Netherlands	0.7	11
Nordwaggon AB, Sweden	50.0	9
Kotimaiset Kotitalouskoneet Oy, Finland	50.0	5
Other		24
		329

Note 26. SHARES AND PARTICIPATIONS (continued)

Subsidiaries

Major Group companies:		Holding, %
Austria	Electrolux Hausgeräte G.m.b.H.	100
	Electrolux Austria G.m.b.H.	100
	Verdichter OE G.m.b.H.	100
Belgium	Electrolux Home Products Corp. N.V.	100
	Electrolux Belgium N.V.	100
Brazil	Electrolux Ltda	100
	Electrolux do Brasil S.A.	99.9
Canada	White Consolidated Industries Canada Inc.	100
China	Electrolux (China) Co. Ltd	100
	Electrolux Zhongyi (Changsha) Refrigerators Co. Ltd	60
	Zanussi Zhongyi (Changsha) Refrigerators Co. Ltd	60
	Zanussi Elettromeccanica Tianjin Compressor Co. Ltd	50
Denmark	Electrolux Holding A/S	100
	Electrolux Home Products Denmark A/S	100
	A/S Vestfrost	50
Finland	Oy Electrolux AB	100
	Oy Electrolux Kotitalouskoneet AB	100
France	Electrolux France S.A.	100
	Electrolux Home Products France S.A.	100
	Electrolux Professionnel S.A.	100
Germany	Electrolux Deutschland GmbH	100
	AEG Hausgeräte GmbH	100
	FHP Motors GmbH	100
	Electrolux Siegen GmbH	100
Hungary	Electrolux Lehel Hütögépgyár Kft	100
India	Electrolux Kelvinator Ltd	56.9
	M/S Electrolux India Ltd	100
Italy	Electrolux Zanussi S.p.A.	100
	Zanussi Elettromeccanica S.p.A.	100
	Electrolux Professional S.p.A.	100
	Electrolux Zanussi Italia S.p.A.	100
Luxembourg	Electrolux Luxembourg S.à r.l.	100
	Electrolux S.à r.l.	100
Mexico	Electrolux de Mexico, S.A. de CV	100
	Kelvinator de Mexico S.A. de CV	100
The Netherlands	Electrolux Associated Company B.V.	100
	Electrolux Holding B.V.	100
	Electrolux Home Products B.V.	100
Norway	Electrolux Norge AS	100
Spain	Electrolux España S.A.	100
	Electrolux Home Products España S.A.	100
	Electrolux Home Products Operation España S.L.	100
Sweden	Husqvarna AB	100
	Electrolux Wascator AB	100
	Electrolux Hemprodukter AB	100
	Electrolux Professional AB	100
Switzerland	Electrolux Holding AG	100
	A+T Hausgeräte AG	100
United Kingdom	Electrolux UK Ltd	100
	Electrolux Holdings Ltd	100
	Electrolux Outdoor Products Ltd	100
	Electrolux Professional Ltd	100
	Electrolux Household Appliances Ltd	100
USA	White Consolidated Industries, Inc.	100
	Electrolux North America Inc.	100
	WCI Outdoor Products Inc.	100

A detailed specification of Group companies has been submitted to the Swedish Patent and Registration Office and is available on request from AB Electrolux, Investor Relations and Financial Information.

Note 27. US GAAP INFORMATION

The consolidated financial statements have been prepared in accordance with Swedish accounting standards, which differ in certain significant respects from US GAAP. The following describes those differences which have a significant effect on net income and shareholders' equity:

Pensions

According to Swedish accounting standards, pension obligations are recorded in the consolidated financial statements based upon actuarial assumptions. US accounting standards are defined in SFAS No. 87 "Employers' Accounting for Pensions" which is more prescriptive particularly in the use of actuarial assumptions such as future salary increases, discount rates and inflation. Additionally, SFAS No. 87 requires that a specific actuarial method (the projected unit credit method) be used.

Certain pension commitments in Sweden are administered through a mutually agreed upon pension plan for Swedish white-collar employees (a multi-employer plan). In accordance with Swedish GAAP, Electrolux allocable portion of a surplus not utilized was recorded as an asset in 2000. In accordance with US GAAP, the recognition of the entire amount is not allowed to be recorded as an asset and income until available for utilization.

Securities

According to Swedish accounting standards, holdings of debt and equity securities for trading purposes should be reported at the lower-of-cost or market. Financial assets and other investments that are to be held to maturity are valued at acquisition cost.

In accordance with US GAAP and SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities," such holdings should be classified according to management's intention within one of three categories: "held-to-maturity," "trading," or "available for sale." Debt securities classified as held-to-maturity are reported at amortized cost. Securities bought and held principally for the purpose of selling them in the near future are classified as trading securities and valued at fair value, with the unrealized gains and losses included in current earnings. Debt and marketable equity securities not classified as either held-to-maturity or trading are classified as available for sale and recorded at fair value, with the unrealized gains and losses excluded from net profit and reported, net of applicable income taxes, as a separate component of shareholders' equity.

Income taxes

Electrolux reports deferred taxes on the most significant temporary differences, which primarily include untaxed reserves, and loss carry-forwards as well as the tax effects of certain consolidation entries. In accordance with US GAAP and SFAS 109, deferred tax liabilities or assets are recognized for the expected future consequences of temporary differences with liabilities being provided in full. Assets are recognized and adjusted through a valuation allowance only to the amount that they are more likely than not to be realized.

Foreign currency transactions

Electrolux uses forward exchange contracts to hedge certain future transactions, based on budgeted volume. For Swedish GAAP purposes, unrealized gains and losses on such forward exchange contracts are deferred and recognized in the same period that the hedged transaction is recognized.

Under US GAAP, gains and losses on forward exchange can be deferred only to the extent that the forward exchange contract is designated as a hedge of a firm commitment. Forward exchange contracts that exceed the amount of or that are not designated as hedges of firm commitments are marked to market under US GAAP, and unrealized gains and losses are recognized in the income statement.

Restructuring and other provisions

Under US GAAP, the recognition of restructuring cost is deferred until a commitment date is established, generally the date that management having appropriate level of authority commits the company to the restructuring plan, identifies all significant actions, including the method of disposition and the expected date of completion, and in the case of employee terminations, specifies the severance arrangements and communicates them to employees. The guidance under Swedish GAAP is not as prescriptive and in certain circumstances allows for earlier recognition.

Software development

Under Swedish GAAP, all costs related to the development of software for internal use are generally expensed as incurred. Under US GAAP, direct internal and external costs incurred during the application development stage should be capitalized whereas internal and external costs incurred during the preliminary project stage and the post-implementation stage should be expensed as incurred.

Adjustment for acquisitions

In accordance with Swedish accounting standards, previous to 1996 the tax benefit arising from the application of loss carry-forwards in companies acquired during the year is recognized in the current year. According to US GAAP, the benefits are required to be recorded as a component of purchase accounting.

Revaluation of assets

Under Swedish GAAP, properties may under certain circumstances be written up and reported at values in excess of the acquisition cost. Such revaluation is not permitted in accordance with US GAAP.

US accounting standards not yet adopted

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS 133), Accounting for Derivative Instruments and Hedging Activities. This statement, as amended by SFAS 137 and 138, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognizes all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. This statement is effective for all fiscal years beginning after June 15, 2000. The company is currently completing its determination of the effect of the adoption of SFAS 133.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 140 (SFAS 140), Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of SFAS 125. SFAS 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. The company is reviewing the impact of SFAS 140 but does not expect any material impact to the financial statements.

Note 27. US GAAP INFORMATION (continued)

THE FOLLOWING IS A SUMMARY OF THE APPROXIMATE EFFECTS THAT APPLICATION OF US GAAP WOULD HAVE ON CONSOLIDATED NET INCOME, EQUITY AND THE BALANCE SHEET.

A. Consolidated net income (SEKm)	2000	1999
Net income as reported in the consolidated income statement	4,457	4,175
Adjustments before taxes:		
Acquisitions	45	42
Restructuring and other provisions	391	–189
Pensions	–228	–41
Foreign currency transactions	4	–35
Capitalization of computer software	51	–
Taxes on the above adjustments	–68	68
Other taxes	212	33
Approximate net income according to US GAAP	4,864	4,053
Approximate net income per share in SEK according to US GAAP	13.55	11.05
No. of shares 359,083,955[1)] (366,169,580)		

1) Weighted average number of shares outstanding through the year, after repurchase of own shares.

B. Comprehensive income (SEKm)	2000	1999
Approximate net income according to US GAAP	4,864	4,053
Comprehensive income recognized in accordance with Swedish accounting principles	–2,632	–1,775
Comprehensive income recognized for US GAAP adjustments:		
Translation differences	–38	8
Securities	–1	11
Pensions	–10	–2
Other	–4	–1
Approximate comprehensive income according to US GAAP	2,179	2,294

C. Equity (SEKm)	2000	1999
Equity as reported in the consolidated balance sheet	26,324	25,781
Adjustments before taxes:		
Acquisitions	–979	–984
Restructuring and other provisions	841	448
Pensions	–437	–187
Foreign currency transactions	–39	–43
Capitalization of computer software	51	–
Securities	48	46
Other	–19	–19
Taxes on the above adjustments	–124	–66
Other taxes	444	237
Approximate equity according to US GAAP	26,110	25,213

D. Balance sheet (SEKm)

The table below summarizes the consolidated balance sheets prepared in accordance with Swedish accounting principles and US GAAP.

	According to Swedish principles		According to US GAAP	
	2000	1999	2000	1999
Intangible assets	3,993	3,298	3,086	2,339
Tangible assets	22,388	20,894	22,349	20,851
Financial assets	3,299	3,859	3,510	4,076
Current assets	57,609	53,593	59,043	57,669
Total assets	87,289	81,644	87,988	84,935
Equity	26,324	25,781	26,110	25,213
Minority interests	810	825	810	825
Provisions for pensions and similar commitments	4,048	3,972	4,329	4,160
Other provisions	6,629	5,699	5,788	5,251
Financial liabilities	25,148	23,440	26,621	27,559
Operating liabilities	24,330	21,927	24,330	21,927
Total liabilities and equity	87,289	81,644	87,988	84,935

Proposed distribution of earnings

According to the consolidated financial statements, the Group's unappropriated earnings amount to SEK 12,643m.
No allocation to restricted equity is required.

	Thousands of kronor
The Board of Directors and the President propose that net income for the year	6,504,268
and retained earnings	3,991,741
totalling	10,496,009
be distributed as follows:	
A dividend of SEK 4.00 per share	
to each shareholder, totalling	1,364,538
To be carried forward	9,131,471
Total	10,496,009

Stockholm, February 8, 2001

RUNE ANDERSSON
Chairman of the Board

JACOB WALLENBERG
Deputy Chairman

PEGGY BRUZELIUS
STEFAN PERSSON
BERT GUSTAFSSON

THOMAS HALVORSEN
GUNNAR JANSSON

LOUIS R. HUGHES
KAREL VUURSTEEN
INGEMAR LARSSON

MICHAEL TRESCHOW
President

Auditors' report

To the Annual General Meeting of the shareholders of AB Electrolux
(Corporate identity No. 556009-4178)

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of AB Electrolux for the year 2000. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of the shareholders, that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report, and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 8, 2001

KPMG
STEFAN HOLMSTRÖM
Authorized Public Accountant

Eleven-year review

Amounts in SEKm unless otherwise stated	2000	1999	1998	1997	1996	1995
Net sales and income						
Net sales	124,493	119,550	117,524	113,000	110,000	115,800
Depreciation	3,810	3,905	4,125	4,255	4,438	4,407
Items affecting comparability	–448	–216	964	–1,896		
Operating income[1)]	7,602	7,204	7,028	2,654	4,448	5,311
Income after financial items[1)]	6,530	6,142	5,850	1,232	3,250	4,016
Net income[1)]	4,457	4,175	3,975	352	1,850	2,748
Margins[2)]						
EBITDA margin, %	9.5	9.5	8.7	7.8	8.1	8.4
Operating margin, %	6.5	6.2	5.2	4.0	4.0	4.6
Income after financial items as % of net sales	5.6	5.3	4.2	2.8	3.0	3.5
Financial position						
Total assets	87,289	81,644	83,289	79,640	85,169	83,156
Net assets[3)]	39,026	36,121	39,986	38,740	41,306	37,293
Working capital	9,346	8,070	12,101	10,960	12,360	10,757
Accounts receivable	23,214	21,513	21,859	21,184	20,494	19,602
Inventories	17,295	16,549	17,325	16,454	17,334	18,359
Accounts payable	12,975	11,132	10,476	9,879	9,422	10,027
Equity	26,324	25,781	24,480	20,565	22,428	21,304
Interest-bearing liabilities	25,398	23,735	29,353	29,993	32,954	31,750
Data per share, SEK[4) 11)]						
Net income[1)]	12.40	11.40	10.85	0.95	5.05	7.50
Net income according to US GAAP[5)]	13.55	11.05	10.25	2.40	4.55	7.95
Equity	77	70	67	56	61	58
Dividend, adjusted for share issues[6)]	4.00	3.50	3.00	2.50	2.50	2.50
Trading price of B-shares at year-end[8)]	122.50	214.00	139.50	110.20	79.20	54.50
Key ratios						
Value creation	2,423	1,782	437			
Return on equity, %[1)]	17.3	17.1	19.3	1.6	8.7	13.4
Return on net assets, %[1) 3)]	19.6	18.3	17.5	6.4	10.9	13.2
Net assets as % of net sales[3) 7) 9)]	30.4	30.6	33.3	34.0	36.9	34.2
Accounts receivable as % of net sales[7) 9)]	18.1	18.2	18.2	18.6	18.3	18.0
Inventories as % of net sales[7) 9)]	13.5	14.0	14.4	14.4	15.5	16.8
Net debt/equity ratio[3)]	0.63	0.50	0.71	0.94	0.80	0.80
Interest coverage ratio	4.34	4.55	3.46	1.42	2.26	2.77
Dividend as % of equity[6)]	5.2	5.0	4.5	4.4	4.1	4.3
Capital expenditure						
Gross capital expenditure in tangible assets[10)]	4,567	4,465	4,053	4,450	7,088	5,238
Gross capital expenditure in tangible assets exclusive of opening value in acquisitions during the year[10)]	4,423	4,439	3,756	4,329	4,807	5,115
Capital expenditure as % of net sales	3.6	3.7	3.2	3.8	4.4	4.4
Other data						
Average number of employees	87,128	92,916	99,322	105,950	112,140	112,300
Salaries and remuneration	17,241	17,812	18,506	19,883	20,249	20,788
Number of shareholders	61,400	52,600	50,500	45,660	48,300	54,600

Definitions

Capital indicators

Net assets
Total assets exclusive of liquid funds, interest-bearing financial receivables, as well as non-interest-bearing liabilities and provisions.

Adjusted equity
Equity, including minority interests.

Working capital
Net assets less fixed assets.

Net income per share

Net income per share
Net income divided by the average number of shares after buy-backs.

Net income per share according to US GAAP
See information on US GAAP in Note 27. All computations have been adjusted for full dilution, stock splits, bonus issues and new issues. In connection with new issues, the number of shares is computed as the average number of shares for the year.

Other key ratios

In computation of key ratios where capital is related to net sales, the latter are annualized and converted at year-end exchange rates, so that due consideration is given to changes in exchange rates and Group structure.

EBITDA margin
Earnings before interest, tax, depreciation and amortization expressed as a percentage of net sales.

1994	1993	1992	1991	1990	Average growth rate, %	
					5 years	10 years
108,004	100,121	80,436	79,027	82,434	1.5	4.2
4,214	4,252	3,469	3,322	3,264	–2.9	1.6
5,034	2,945	1,992	2,382	2,992	7.4	9.8
3,595	1,250	758	825	1,153	10.2	18.9
2,195	584	183	377	741	10.2	19.7
8.6	7.2	6.8	7.2	7.6		
4.7	2.9	2.5	3.0	3.6		
3.3	1.2	0.9	1.0	1.4		
84,183	77,647	71,618	62,329	65,793	1.0	2.9
37,518	40,870	40,289	34,306	38,031	0.9	0.3
8,869	11,181	12,998	10,364	12,386	–2.8	–2.8
20,015	18,522	16,509	13,893	14,707	3.4	4.7
18,514	16,698	15,883	14,955	16,042	–1.2	0.8
11,066	9,486	8,281	7,370	7,985	5.3	5.0
20,465	16,853	16,772	15,758	16,565	4.3	4.7
					–4.4	
6.00	1.60	0.50	1.05	2.00	10.6	20.0
15.45	1.00	0.50	1.10	2.25	11.3	19.7
56	46	46	43	45	5.8	5.5
2.50	1.25	1.25	2.50	2.50	9.9	4.8
75.40	56.80	47.60	43.60	32.00	17.6	14.4
13.0	3.5	1.2	2.3	4.3		
12.4	7.1	5.5	6.4	7.9		
33.8	39.3	44.5	43.5	47.0		
18.0	17.8	18.2	17.6	18.0		
16.7	16.1	17.5	18.9	19.7		
0.88	1.49	1.49	1.25	1.38		
2.38	1.28	1.18	1.25	1.38		
4.5	2.7	2.7	5.8	5.5		
7,537	3,727	3,737	3,704	4,444	–2.7	0.3
3,998	3,682	3,623	3,414	4,018	–2.9	1.0
3.7	3.7	4.5	4.3	4.9		
109,470	114,700	121,200	134,200	150,900	–4.9	–5.3
19,431	18,691	15,902	15,507	17,213	–3.7	0.0
55,400	65,700	68,100	70,000	74,000	2.4	–1.8

1) 1994: Exclusive of capital gain on Autoliv.
2) As of 1997, items affecting comparability are excluded.
3) As of 1993, minority interests are included in adjusted equity.
4) The figures for 1990–97 have been adjusted for the 5:1 stock split in 1998.
5) Adjusted in connection with introduction of FAS 106 and 109 in 1993.
6) 2000: Proposed by the Board.
7) Net sales are annualized.
8) Last price paid for B-shares.
9) As of 1992, adjusted for exchange-rate effects.
10) As of 1992, calculated as annual average.
11) 2000: After buy-backs of own shares, the average number of shares amounted to 359,083,955 and at year-end 341,134,580.

Operating margin
Operating income expressed as a percentage of net sales.

Value creation
Operating income excluding items affecting comparability less the weighted average cost of capital (WACC) on average net assets. [(Net sales – operating costs = operating income) – (WACC x Average net assets)].

Return on equity
Net income expressed as a percentage of opening equity. The latter is adjusted for debentures converted during the year and for new issues.

Return on net assets
Operating income expressed as a percentage of average net assets.

Interest coverage ratio
Operating income plus interest income in relation to total interest expense.

Net borrowings
Total interest-bearing liabilities less liquid funds.

Net debt/equity ratio
Net borrowings in relation to adjusted equity.

Capital turnover rate
Net sales divided by average net assets.

Quarterly figures

Net sales and income		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Net sales, SEKm	2000	31,229	34,199	29,644	29,421	124,493
	1999	29,053	33,021	29,070	28,406	119,550
	1998	28,567	32,308	28,516	28,133	117,524
Operating income, SEKm	2000	2,050	2,453	1,830	1,269	7,602
	Margin,%	*6.6*	*7.2*	*6.2*	*4.3*	*6.1*
	2000[1)]	2,050	2,453	1,830	1,717	8,050
	Margin,%	*6.6*	*7.2*	*6.2*	*5.8*	*6.5*
	1999	1,656	2,151	1,539	1,858	7,204
	Margin,%	*5.7*	*6.5*	*5.3*	*6.5*	*6.0*
	1999[1)]	1,656	2,151	1,755	1,858	7,420
	Margin,%	*5.7*	*6.5*	*6.0*	*6.5*	*6.2*
	1998	1,376	2,224	1,675	1,753	7,028
	Margin,%	*4.8*	*6.9*	*5.9*	*6.2*	*6.0*
	1998[1)]	1,376	1,669	1,425	1,594	6,064
	Margin,%	*4.8*	*5.2*	*5.0*	*5.7*	*5.2*
Income after financial items, SEKm	2000	1,786	2,285	1,504	955	6,530
	Margin,%	*5.7*	*6.7*	*5.1*	*3.2*	*5.2*
	2000[1)]	1,786	2,285	1,504	1,403	6,978
	Margin,%	*5.7*	*6.7*	*5.1*	*4.8*	*5.6*
	1999	1,384	1,835	1,354	1,569	6,142
	Margin,%	*4.8*	*5.6*	*4.7*	*5.5*	*5.1*
	1999[1)]	1,384	1,835	1,570	1,569	6,358
	Margin,%	*4.8*	*5.6*	*5.4*	*5.5*	*5.3*
	1998	1,060	1,863	1,381	1,546	5,850
	Margin,%	*3.7*	*5.8*	*4.8*	*5.5*	*5.0*
	1998[1)]	1,060	1,308	1,131	1,387	4,886
	Margin,%	*3.7*	*4.0*	*4.0*	*4.9*	*4.2*
Net income, SEKm	2000	1,188	1,510	1,018	741	4,457
	2000[1)]	1,188	1,510	1,018	1,046	4,762
	1999	912	1,188	1,024	1,051	4,175
	1999[1)]	912	1,188	1,049	1,051	4,200
	1998	667	1,230	985	1,093	3,975
	1998[1)]	667	862	766	940	3,235
Net income per share, SEK	2000	3.25	4.10	2.85	2.20	12.40
	2000[1)]	3.25	4.10	2.85	3.05	13.25
	1999	2.50	3.25	2.80	2.85	11.40
	1999[1)]	2.50	3.25	2.85	2.85	11.45
	1998	1.85	3.35	2.70	2.95	10.85
	1998[1)]	1.85	2.35	2.10	2.55	8.85
Value creation, SEKm	2000	691	1,040	406	286	2,423
	1999	183	657	380	562	1,782
	1998					437

1) Exclusive of items affecting comparability, 2000: SEK –448m, 1999: SEK –216m, 1998: SEK 964m.

Net sales by business area, SEKm

		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
CONSUMER DURABLES						
Europe	2000	10,308	10,126	10,832	11,438	42,704
	1999	10,182	10,515	10,780	11,163	42,640
North America	2000	12,351	14,640	10,484	9,106	46,581
	1999	10,545	12,749	9,725	8,433	41,452
Rest of the world	2000	1,951	2,259	2,276	2,717	9,203
	1999	1,717	1,963	1,925	1,992	7,597
Total Consumer Durables	2000	24,610	27,025	23,592	23,261	98,488
	1999	22,444	25,227	22,430	21,588	91,689
PROFESSIONAL PRODUCTS, Indoor	2000	4,398	4,890	4,092	4,181	17,561
	1999	4,910	5,674	5,006	4,860	20,450
PROFESSIONAL PRODUCTS, Outdoor	2000	2,140	2,191	1,846	1,862	8,039
	1999	1,629	2,048	1,547	1,876	7,100
Total Professional Products	2000	6,538	7,081	5,938	6,043	25,600
	1999	6,539	7,722	6,553	6,736	27,550

Operating income by business area, SEKm

		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
CONSUMER DURABLES						
Europe	2000	566	418	504	691	2,179
	Margin,%	*5.5*	*4.1*	*4.7*	*6.0*	*5.1*
	1999	506	400	635	903	2,444
	Margin,%	*5.0*	*3.8*	*5.9*	*8.1*	*5.7*
North America	2000	928	1,197	812	640	3,577
	Margin,%	*7.5*	*8.2*	*7.7*	*7.0*	*7.7*
	1999	719	989	678	509	2,895
	Margin,%	*6.8*	*7.8*	*7.0*	*6.0*	*7.0*
Rest of the world	2000	–71	–11	–31	136	23
	Margin,%	*–3.6*	*–0.5*	*–1.4*	*5.0*	*0.2*
	1999	–82	–78	–47	–135	–342
	Margin,%	*–4.8*	*–4.0*	*–2.4*	*–6.8*	*–4.5*
PROFESSIONAL PRODUCTS, Indoor	2000	423	673	313	168	1,577
	Margin,%	*9.6*	*13.8*	*7.6*	*4.0*	*9.0*
	1999	380	634	439	449	1,902
	Margin,%	*7.7*	*11.2*	*8.8*	*9.2*	*9.3*
PROFESSIONAL PRODUCTS, Outdoor	2000	309	295	289	260	1,153
	Margin,%	*14.4*	*13.5*	*15.7*	*14.0*	*14.3*
	1999	228	277	208	270	983
	Margin,%	*14.0*	*13.5*	*13.4*	*14.4*	*13.8*
Common Group costs, etc.	2000	–105	–119	–57	–178	–459
	1999	–95	–71	–158	–138	–462
Items affecting comparability	2000				–448	–448
	1999			–216		–216

Electrolux shares

The market capitalization of Electrolux shares at year-end 2000 was SEK 44.9 (78.4) billion, which corresponded to 1.3% (2.1) of the total market capitalization of the OM Stockholm Exchange.

The highest trading price for Electrolux B-shares was SEK 230 on January 3, and the lowest was SEK 110 on October 27. The highest trading price for A-shares was SEK 230 on January 11, and the lowest was SEK 114 on December 21.

Electrolux share listings

Exchange	Year
London, B-shares	1928
Stockholm, A- and B-shares[1)]	1930
Paris, B-shares[1)]	1983
Zurich, B-shares[2)]	1987
USA, NASDAQ (ADRs)[3)]	1987

1) As of 1999 the Electrolux B-share is listed in euros on the stock exchanges in Stockholm and Paris.
2) The three stock exchanges in Switzerland, i.e. Zurich, Geneva and Basel were merged in 1996 to the Swiss Exchange in Zurich.
3) American Depository Receipts. One ADR corresponds to two B-shares.

TRADING VOLUME

In 2000, 390.6 (277.6) million Electrolux shares were traded on the OM Stockholm Exchange to a value of SEK 56.8 (45.4) billion. Electrolux shares thus accounted for 1.3% (1.8) of the total trading volume of SEK 4,456 (2,609) billion for the year.

The average value of the A- and B-shares traded daily was SEK 226.4m (180.2). B-shares have also been listed in euros on the OM Stockholm Exchange since June 7, 1999. No shares were traded in euros during 2000.

A total of 291.0 (246.9) million Electrolux shares were traded on the London Stock Exchange, and 6.4 (5.7) million ADRs were traded on NASDAQ. At year-end, 5,046,919 depository receipts were outstanding. Trading volume on other exchanges was considerably lower.

REPURCHASE OF SHARES

As of December 31, 2000 the Group had repurchased 25,035,000 B-shares for a total of SEK 3,190m, corresponding to an average price of SEK 127.40 per share. Electrolux thus owns 6.84% of the total number of shares.

BETA VALUE

The Beta value indicates the volatility of the trading price of a share relative to the general market trend. The Beta value of Electrolux shares for the past four years was 0.53 (0.85), which means that the volatility of Electrolux shares was 47% lower than the OM Stockholm Exchange general index.

EFFECTIVE YIELD

The effective yield indicates the actual profitability of a placement in shares, and comprises dividends received plus change in trading price.

The average annual effective yield on a placement in Electrolux shares was 19.0% over the past ten years, including the distribution of Gränges in 1996, and adjusted for the 5:1 stock split in 1998. The corresponding figure for the OM Stockholm Exchange was 21.4%.

ANNUAL OPTION PROGRAM

An annual option program for senior managers was introduced in 1998. The program entitles an allotment of options which are redeemed for shares at a fixed price. The value of the options is linked to the trading price of the Electrolux B-share. For further information, see Note 25.

DIVIDEND AND DIVIDEND POLICY

The Board has decided to propose an increased dividend of SEK 4.00 per share at the Annual General Meeting, corresponding to 30% (31) of net income per share, exclusive of items affecting comparability.

The goal is for the dividend to normally correspond to 30–50% of net income.

SHARE CAPITAL AND NUMBER OF SHARES

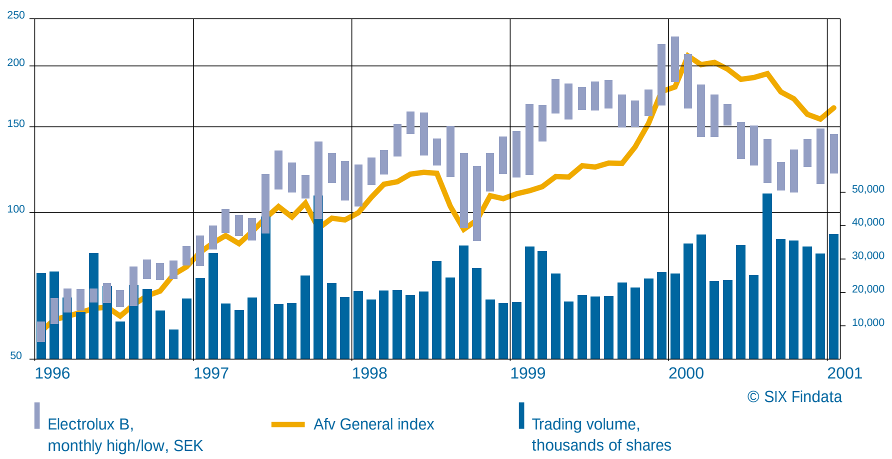
On December 31, 2000 there were 10,000,000 Electrolux A-shares and 356,169,580 B-shares, for a total of 366,169,580 shares. A-shares carry one vote and B-shares one-tenth of a vote. Each share has a par value of SEK 5.00. Total share capital at year-end amounted to SEK 1,830.8m.

Distribution of shareholdings in AB Electrolux

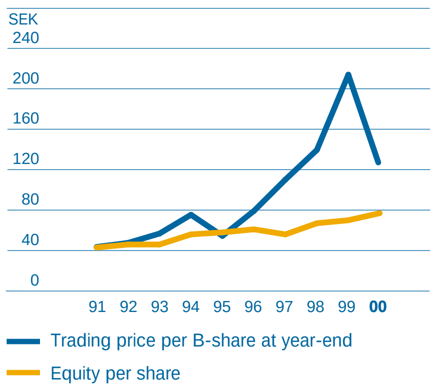
Shareholding	No. of shareholders	As % of shareholders
1–1,000	52,478	85.5
1,001–10,000	7,944	13.0
10,001–100,000	686	1.1
100,001–	266	0.4
Total	61,374	100.0

Source: VPC AB as of December 31, 2000.

Price and trading volume of Electrolux B-shares on the OM Stockholm Exchange, 1996–January 2001

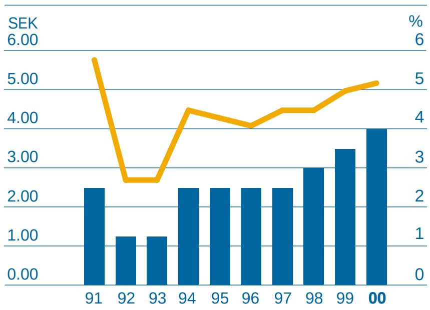


Trading price and equity per share



At year-end 2000, the price/equity ratio for Electrolux B-shares was 1.59.

Dividend per share



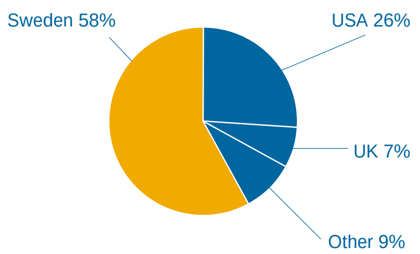
Dividend, SEK

Share of equity, %

The Board of Directors proposes an increase of the dividend to SEK 4.00 per share for 2000.

Shareholders by country

Source: SIS Ägarservice



As of December 31, 2000, 42% of the total share capital was owned by foreign investors.

Trading volume of Electrolux shares

(Thousands)	2000	1999	1998	1997	1996
Stockholm, A- and B-shares (ELUXa and ELUXb)	390,573	277,636	268,920	297,577	234,300
London, B-shares (ELXB)	291,006	246,860	452,749	706,370	247,270
NASDAQ, ADRs (ELUX)	6,414	5,711	7,246	14,315	5,953

JP Morgan, Morgan Guarantee Trust Company, is the depository bank for ADRs.

Average daily trading volume of Electrolux shares on the OM Stockholm Exchange, in thousands of kronor

	2000	1999	1998	1997	1996
A-shares	80	77	89	17	27
B-shares	226,324	180,120	136,353	130,378	64,441
Total	226,404	180,197	136,442	130,395	64,468

Major shareholders in AB Electrolux

	Number of A-shares	Number of B-shares	Total number of shares	Share capital, %	Voting rights, %
Fourth Swedish National Pension Fund	–	23,592,000	23,592,000	6.4	5.5
Investor	9,182,390	10,430,800	19,613,190	5.4	23.7
Robur investment funds	–	16,507,300	16,507,300	4.5	3.8
Alecta incl. SPP Liv	–	11,469,962	11,469,962	3.1	2.7
Nordea investment funds	–	9,793,400	9,793,400	2.7	2.3
Skandia	139,210	6,821,620	6,960,830	1.9	1.9
SEB investment funds	–	4,983,695	4,983,695	1.4	1.2
SHB investment funds	–	3,945,382	3,945,382	1.1	0.9
AFA Insurance	–	3,517,160	3,517,160	1.0	0.8
Other shareholders	678,400	240,073,261	240,751,661	65.7	57.3
External shareholders	10,000,000	331,134,580	341,134,580	93.2	100.0
AB Electrolux	–	25,035,000	25,035,000	6.8	0
Total	10,000,000	356,169,580	366,169,580	100.0	100.0

As of December 31, 2000, 42% of the total share capital was owned by foreign investors, 51% by Swedish institutions and mutual funds, and 7% by private Swedish investors. Most of the shares owned by foreign investors are registered through trustees, so that the actual shareholders are not officially registered.

Per-share data 1991–2000[1]

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Year-end trading price, SEK[2]	122.50	214.00	139.50	110.20	79.20	54.50	75.40	56.80	47.60	43.60
Highest trading price, B-shares, SEK	230.00	222.00	161.00	139.80	85.40	77.40	87.80	62.60	57.80	58.00
Lowest trading price, B-shares, SEK	110.00	118.00	87.50	77.70	54.30	50.80	56.40	38.60	28.40	30.80
Change in price during the year, %	–43	53	27	39	45	–28	33	19	9	36
Equity, SEK	77	70	67	56	61	58	56	46	46	43
Trading price/equity, %	159	304	209	196	129	94	135	123	104	101
Dividend, SEK	4.00[3]	3.50	3.00	2.50	2.50[4]	2.50	2.50	1.25	1.25	2.50
Dividend, %[5]	30.2[7]	30.5[7]	34.0[7]	51.4[7]	49.4	33.3	41.7	78.1	250.0	240.0
Dividend yield, %[6]	3.3	1.6	2.2	2.3	3.2	4.6	3.3	2.2	2.6	5.7
Net income, SEK	13.25[7]	11.45[7]	8.85[7]	4.85[7]	5.05	7.50	6.00[7]	1.60	0.50	1.05
EBIT multiple[8]	8.1	12.9	10.0	4.6	2.2	1.4	1.8	3.2	4.2	3.0
EBIT multiple[7][8]	7.7	12.5	11.5	2.6						
P/E ratio[9]	9.2	18.7	15.8	22.7	15.7	7.3	12.6	35.5	95.2	41.9
Number of shareholders	61,400	52,600	50,500	45,660	48,300	54,600	55,400	65,700	68,100	70,000

1) The figures for 1991–1997 have been adjusted for the 5:1 stock split in 1998.
2) Last price paid for B-shares.
3) Proposed by the Board.
4) Plus 1/2 share in Gränges for every Electrolux share.
5) As % of net income.
6) Dividend per share divided by trading price at year-end.
7) Excluding items affecting comparability.
8) Market capitalization plus net borrowings and minority interests, divided by operating income.
9) Trading price in relation to net income per share after full dilution.

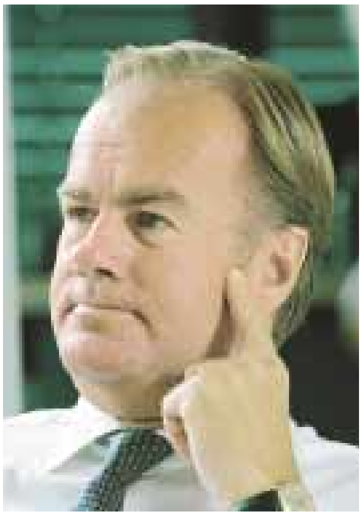
Board of Directors

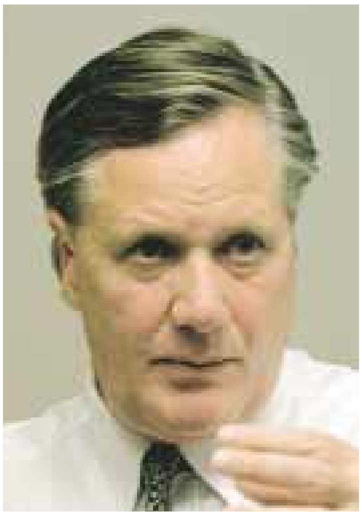

Rune Andersson


Peggy Bruzelius


Thomas Halvorsen


Louis R. Hughes


Stefan Persson


Michael Treschow


Karel Vuursteen


Jacob Wallenberg

Rune Andersson

Chairman

Born 1944, M. Eng., Hon. Tech. D. Board Chairman: Svedala Industri AB, Trelleborg AB, Älvsbyhus AB. Board Member: Doro AB. Various positions at Electrolux 1977–1982, including head of operation in food-service equipment. Elected 1998.

Holding in AB Electrolux: 500,000 A-shares, through a company.

Peggy Bruzelius

Born 1949, M. Econ. Board Chairman: Grand Hotel Holding AB, Lancelot Asset Management AB. Board Member: Axfood AB, AB Drott, Industry and Commerce Stock Exchange Committee, Axel Johnson AB, AB Ratos, Scania AB, Syngenta AG, The Association of the Stockholm School of Economics. Elected 1996.

Holding in AB Electrolux: 2,500 B-shares.

Thomas Halvorsen

Born 1949, B.A. President, Fourth Swedish National Pension Fund. Board Member: Beijer Alma AB. Elected 1996.

Holding in AB Electrolux: 0 shares.

Louis R. Hughes

Born 1949, B.S., M. Eng., MBA. Executive Vice-President, General Motors Corporation, Detroit, USA. (Retired in March 2000.) Board Member: British Telecom plc. Elected 1996.

Holding in AB Electrolux: 0 shares.

Stefan Persson

Born 1947. Board Chairman: H&M Hennes & Mauritz AB. Board Member: Ingka Holding B.V. (IKEA). Elected 1994.

Holding in AB Electrolux: 36,500 B-shares.

Michael Treschow

President and CEO

Born 1943, M. Eng. Board Chairman: Swedish Trade Council. European Chairman Transatlantic Business Dialogue (TABD)* for the year 2001. Board Member: Atlas Copco AB, Investor AB. Elected 1997.

Holding in AB Electrolux: 33,250 B-shares, 109,200 options.

* TABD is a cooperation between the business communities and the governments of the EU and US with the objective to improve trade and investment opportunities.

Karel Vuursteen

Born 1941, M. Eng. President and CEO Heineken N.V., Amsterdam, The Netherlands. Chairman: Advisory Council ING Group. Board Member: Gucci Group N.V., Head N.V., Nyenrode University, Randstad Holding nv. Elected 1998.

Holding in AB Electrolux: 0 shares.

Jacob Wallenberg

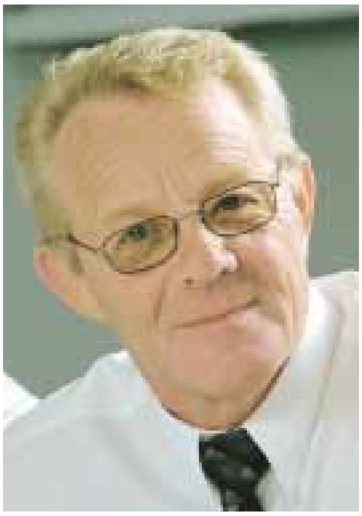
Deputy Chairman

Born 1956, B.S. in Econ., MBA. Board Chairman: SEB, Skandinaviska Enskilda Banken. Executive Deputy Chairman: Investor AB. Deputy Chairman: Atlas Copco AB, Knut and Alice Wallenbergs Foundation. Board Member: ABB Ltd, EQT, WM-data AB, The Nobel Foundation, Federation of Swedish Industries. Elected 1998.

Holding in AB Electrolux: 2,000 B-shares.

Bert Gustafsson

Gunnar Jansson



Ingemar Larsson

Malin Björnberg

Mats Ekblad

Åke Samuelsson

EMPLOYEE REPRESENTATIVES MEMBERS

Bert Gustafsson

Born 1951. Representative of the Federation of Salaried Employees in Industry and Services. Deputy Member, 1997–1998. Ordinary Member, 1999.

Holding in AB Electrolux: 0 shares.

Gunnar Jansson

Born 1954. Representative of the Swedish Confederation of Trade Unions. Deputy Member, 1996–1998. Ordinary Member, 1999.

Holding in AB Electrolux: 0 shares.

Ingemar Larsson

Born 1939. Representative of the Swedish Confederation of Trade Unions. Deputy Member, 1990–1995. Ordinary Member, 1996.

Holding in AB Electrolux: 200 B-shares.

EMPLOYEE REPRESENTATIVES DEPUTY MEMBERS

Malin Björnberg

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 1999.

Holding in AB Electrolux: 0 shares.

Mats Ekblad

Born 1967. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2000.

Holding in AB Electrolux: 0 shares.

Åke Samuelsson

Born 1941. Representative of the Swedish Confederation of Trade Unions. Elected 2000.

Holding in AB Electrolux: 0 shares.

Group management


Michael Treschow


Bengt Andersson


Robert E. Cook


Hans Stråberg


Johan Bygge


Lilian Fossum

Michael Treschow

President and CEO

Born 1943, M. Eng. Employed by Atlas Copco AB 1975, as President and CEO 1991–1997. Joined Electrolux in 1997. Holding in AB Electrolux: 33,250 B-shares, 109,200 options.

Bengt Andersson

Head of Professional Outdoor products

Born 1944, Mech. Eng. Production engineer Facit AB 1966–1975. Joined Electrolux in 1973. Sector Manager Facit-Addo 1976, Technical Director Electrolux Motor 1980, Product-line Manager Outdoor products North America 1987, Product-line Manager Forestry and garden equipment Husqvarna and Flymo 1991. Executive Vice-President AB Electrolux 1997. Holding in AB Electrolux: 5,000 B-shares, 54,600 options.

Robert E. Cook

Head of White goods and Outdoor products, North America

Born 1943, Graduate in Law. President Roper Corporation, USA 1985. Joined Electrolux in 1988 as President American Yard Products, USA. President Frigidaire Home Products, 1997. Executive Vice-President AB Electrolux 1997. Holding in AB Electrolux: 12,500 ADRs, 108,725 options.*

* Number of options according to synthetic options program and management options program 1998 and 1999.

** Number of synthetic options 2000.

Wolfgang König

Head of White goods outside North America

Born 1950, Graduate in Law, MBA. Management consultant with McKinsey & Co. Inc., Germany, 1979–1987. Member of management board, Quelle AG, Austria, 1987–1989 and Kaufhof Warenhaus AG, Germany, 1989–1993. CEO Kodak AG, Germany, 1993–1997. General Manager Consumer Imaging Europe, Africa, Middle East and Corporate Vice-President Eastman Kodak Company, 1997. Executive Vice-President AB Electrolux July 2000. Holding in AB Electrolux: 0 shares, 118,400 options.**

Detlef Münchow

Head of Professional Indoor products

Born 1952, MBA and PhD Econ. Member of senior management in consulting firms Knight Wendling/Wegenstein AG 1980–1989 and GMO AG 1989–1992. FAG Bearings AG since 1993–1998, as Chief Operating Officer in FAG Bearings Corporation, USA. Joined Electrolux in 1999 as Executive Vice-President AB Electrolux. Holding in AB Electrolux: 0 shares, 33,400 options.

Hans Stråberg

Head of Floor-care products and Small appliances

Born 1957, M. Eng. Joined Electrolux in 1983. Head of product area dishwashers and washing machines 1987–1992. Head of product division floor-care products, Västervik, 1992–1995. Executive Vice-President Frigidaire Home Products, USA, 1995–1998. Executive Vice-President AB Electrolux 1998. Holding in AB Electrolux: 2,870 B-shares, 49,300 options.

Johan Bygge

Head of Group staff Controlling, Accounting, Taxes, Auditing, Treasury, IT

Born 1956, M. Econ. Deputy Group Controller, Telefonaktiebolaget LM Ericsson 1983, head of Cash Management 1986. Joined Electrolux in 1987 as Group Controller. Senior Vice-President Group Controlling, Accounting, Taxes, Auditing, Administration and IT 1996–2000 as well as Acting Treasurer in 2000. As of 2001 head of Consumer Outdoor products outside North America and Executive Vice-President AB Electrolux. Holding in AB Electrolux: 2,024 B-shares, 54,600 options.

Lilian Fossum

Head of Group staff Organizational Development and Management Resources

Born 1962, M. Econ. Management consultant with McKinsey 1985–1988. Group controller and other executive positions in the Axel Johnson group 1988–1992. Manager Business Development at Vattenfall, Stockholm 1994–1996. CFO Spendrups Bryggeri AB 1996, Deputy CEO and Manager Business Development 1999. Joined Electrolux in September 2000. Holding in AB Electrolux: 7,600 B-shares, 0 options.

Lars Göran Johansson

Head of Group staff Communication and Public Affairs

Born 1954, M. Econ. Project Manager at consulting company KREAB 1978, President 1985–1991. Led campaign for “Yes to Europe” 1992–1994. Joined Electrolux as Senior Vice-President Communication and Public Affairs 1995. Holding in AB Electrolux: 500 B-shares, 54,600 options.


Wolfgang König


Detlef Münchow

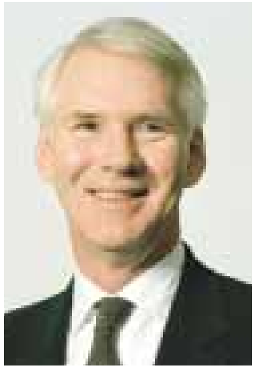

MatsOla Palm


Matts P. Ekman


Lars Göran Johansson


Cecilia Vieweg


Michael Regan


Lennart Ribohn

Cecilia Vieweg
Head of Group staff Legal
Born 1955, B. of Law. Attorney with Berglund & Co. Advokatbyrå, Gothenburg 1987–1990, Corporate Legal Counsel, AB Volvo 1990–1992. General Counsel, Volvo Car Corporation 1992–1997. Attorney and partner in Wahlin Advokatbyrå, Gothenburg 1998. Joined Electrolux in 1999 as General Counsel. Holding in AB Electrolux: 0 shares, 33,400 options.

Fredrik Rystedt
Head of Group staff Controlling, Accounting, Taxes, Auditing, IT as of April 2001
Born 1963, M. Econ. Joined Electrolux Treasury department 1989, subsequently held several positions within the Group's financial operations. Head of Mergers and Acquisitions 1996. Joined Sapa AB 1998 as head of Business Development, Chief Financial Officer Sapa AB 2000.

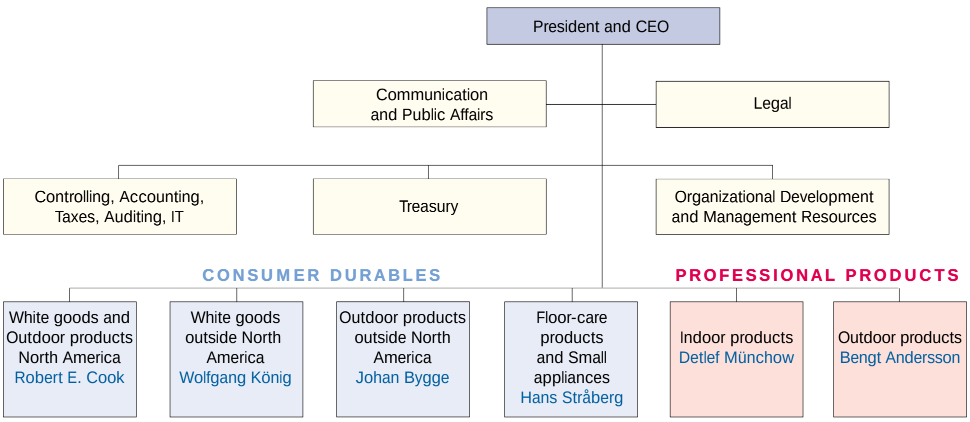
FORMER MEMBERS OF GROUP MANAGEMENT

MatsOla Palm
Born 1941. Joined Electrolux in 1995 as head of sales and marketing for white goods in Europe. Executive Vice-President AB Electrolux 1996. Head of White goods Europe 1997 until his retirement in January 2000.

Matts P. Ekman
Born 1946, M. Econ., MBA. Joined Electrolux in 1981 as Senior Vice-President Group Treasurer until June 2000.

Michael Regan
Born 1949, B.A. Joined Electrolux in 1987. Senior Vice-President Organizational Development and Management Resources 1997 until August 2000. Vice-President, Human Resources AB Electrolux and Managing Director of Electrolux UK Ltd. until March 2001, when he will leave the Group.

Lennart Ribohn
Born 1943, B.A. Joined Electrolux in 1963. Group Controller 1971. Executive Vice-President and CFO 1981. Senior Executive Vice-President AB Electrolux 1988. Head of New markets, Components and Direct sales 1997 until his retirement in June 2000.



Environmental activities

Environmental work is integrated in the business operations of the Electrolux Group. The work is determined within each business sector and is run by the sector's environmental manager. Group management is responsible for decisions related to common environmental issues, and these are managed by an environmental department within the Communication and Public Affairs staff function. Such issues include development and establishment of the Group's environmental policy, as well as environmental information supplied by the Group. The Environmental Affairs department also provides support for business sectors.

A number of minimum criteria have been established for environmental work in all business sectors. These include introduction of environmental management systems and Environmental Performance Indicators, as well as continuous enhancement of competence.

Environmental management systems are being gradually introduced at all Group plants. This process began in 1995 with the goal of establishing such systems at all Group-owned production units by year-end 2000. Since a number of plants have been either acquired or divested over the past five years, this goal will be adjusted during 2001.

At year-end 2000, 43 plants had received ISO 14001 certification, representing 48% of the Group's total factory floor area. In Europe, the corresponding figure was 69%. The first certifications for Electrolux plants in Brazil and the US were awarded in 2000.

STRATEGY

In general, the environmental impact of the products produced by the Group occurs during use, through consumption of e.g. energy, fuel and water. Improved environmental performance generates lower total costs for the consumer over the lifetime of the product. Products with low environmental impact thus provide competitive benefits.

The main principles of the Group's environmental strategy are:

- To lead development of products and production processes with high environmental performance
- To actively contribute to creating demand for products with high environmental performance.

ENVIRONMENTAL TRENDS

Electrolux continuously monitors changes and trends within society at large. The Group participates in discussions with legislators and environmentally interested organizations, and is attentive to consumer opinions.

ENERGY LABELING AND DIRECTIVES

Limits for energy consumption and energy-labeling of products are vital issues for the entire industry. Within the EU, energy labels are mandated for refrigerators, freezers, washing machines, tumble-dryers, combined washer/tumble-dryers, and dishwashers. A directive for energy-labeling of ovens is expected in 2001, and will probably go into effect the following year.

A number of European countries outside the EU have either enacted or plan to enact similar legislation. Labeling systems also exist in other markets, including North America, Hong Kong, Japan and Australia. The voluntary energy-labeling systems in Brazil and China may become mandatory.

Limits for maximum permissible energy consumption by refrigerators and freezers have been established in e.g. Australia, China, the EU and North America, and have been extended to other types of white goods in the US and Canada. A voluntary agreement by the industry, establishing maximum limits for washing machines, was introduced in the EU in 1998, and these limits were lowered in 2000. A similar voluntary agreement for dishwashers will take effect between 2001 and 2003.

The Group's product range complies with the above criteria.

PRODUCER RESPONSIBILITY

Discussions of producer responsibility, i.e. the manufacturer's responsibility for discarded products, intensified during the year within the EU. A draft directive for electrical and electronic components was presented during the year by the EU Commission. The draft text was discussed by the EU Parliament and the Council of Ministers, but a decision is not expected until 2002. Producer responsibility has already been introduced in Japan, Norway, The Netherlands and Switzerland, and has been proposed in Finland and Germany as well. In Sweden, producer responsibility for electrical and electronic products will take effect at mid-year 2001. In the US, there is no current discussion of producer responsibility at the legislative level.

The discussion of producer responsibility centers mainly on two systems. One is a collective financial responsibility, which would require a producer to take back discarded products regardless of their brands. The other is an individual financial responsibility, which assigns responsibility for a given product to the company that manufactured it. The appliance business is not in agreement over these principles. Electrolux advocates an individual financial responsibility, which would stimulate product development.

REGULATIONS ON ACQUISITIONS AND PRODUCTION

Environmental regulations and their application by authorities regarding both acquisition of plants and production vary between countries and regions. Group units comply with local regulations and follow a policy of extreme caution, with reference to the long-term nature of operations.

RESULTS

A number of Environmental Performance Indicators for measuring the results of environmental work have been developed within the Group and are being phased in by the business sectors. Production related indicators are calculated on data from more than 98% of the Group's manufacturing facilities (percentage specific for year 2000), while product- and market-related indicators are fully implemented within European household appliances. Environmental Performance Indicators for outdoor products are currently under development.

FLEET AVERAGE

The Fleet Average indicates the annual average energy index for all sold products within one product category. Fleet Average comparisons from year to year show the change in energy efficiency over time. The results for 2000 show a continuous improvement over the previous year for all product groups except chest freezers, which showed strong improvement during the two previous years.

GREEN RANGE

The Green Range indicators measure sales and profitability for products with leading environmental performance, and in 2000 again showed that the Group's environmental strategy contributes to higher profitability. Since the Green Range share of sales is increasing yearly, these indicators are gradually being made more stringent. Data from previous years have been adjusted accordingly.

PRODUCTION-RELATED INDICATORS

Material balance

Average efficiency for utilization of materials within the Group was 87% in 2000. This means that 87 kg of products were manufactured for every 100 kg of input material.

Production-related measurements have been aggregated on Group level since 1988, to monitor energy and water consumption and related CO_2 emissions at the manufacturing facilities. In 2000 these Site Measurements were based on data from more than 98% of the Group's total manufacturing area.

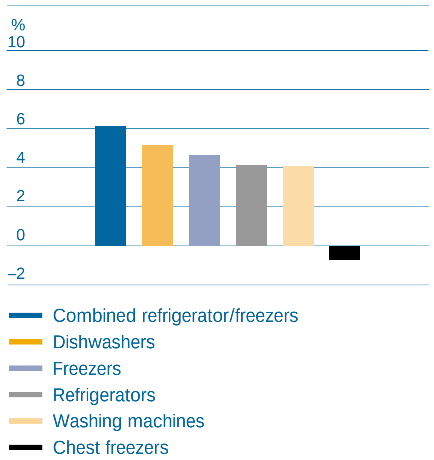
Since a large part of environmental impact depends on the volume of production, some indicators are computed in relation to added value, which is defined here as the difference between total production cost and the direct cost of materials. These indicators compensate for changes in the production structure and can therefore be adjusted on a yearly basis. The data are not adjusted for extraordinary deviations in energy consumption, as in a particularly mild winter, or for such factors as inflation or changes in exchange rates.

Phase-out of ozone-depleting substances

The white-goods markets in the industrialized countries are completely free of CFCs, so-called "hard freons." Electrolux has been a leader in this respect. Since 1995, the Group's refrigerators and freezers in Europe have been free of substances with ozone-depleting potential.

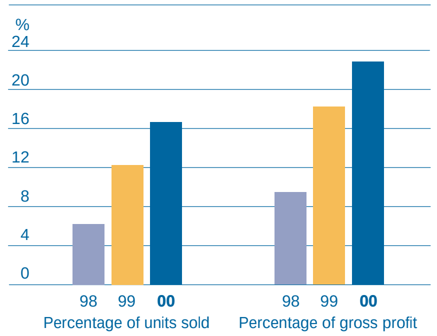
Between 1995 and 1999 the Group acquired refrigerator plants in new markets in Brazil, India and China in which CFC was used in production. Phase-out of CFC at these plants has been a top priority. By the start of 2000, Group plants in China were completely free of both CFC and HCFCs, so-called "soft freons." In Brazil, the Group received awards in 2000 and previous years for its leadership in the phase-out of ozone-depleting substances.

Fleet average



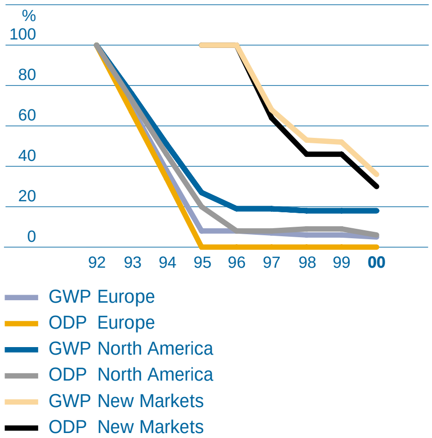
The graph shows improvement in energy efficiency 2000 compared to 1999. Data has been used from slightly more than 95% of all Group products sold in each category in Europe.

Green range



Within white goods in Europe, the products with the best environmental performance accounted for 17% of the total units sold in 2000, and 23% of gross profit.

Phase-out of substances with ozone-depleting and global warming potential



The graph shows the relative change in ozone-depleting and global warming potential (ODP/GWP) in refrigerants and insulating gases used in the Group's products from 1992 to 2000. The annual calculations are based on the ODP and GWP equivalents of different substances, as defined by the United Nations Environment Program (UNEP). In order to adjust for changes in production structure and enable annual comparisons, values are normalized against the total amount of used substances. The year 1992 is set as index 100%. The curves reflect the transition from CFC, via HCFC to HFC and HC in Europe, where today HC dominates. In North America HCFC and HFC are still dominant. In the new markets, all substances are present. The decrease for 2000 is a consequence of phasing out CFC in Brazil and China.

MANAGING ENVIRONMENTAL RISK

The Group exercises a high degree of caution in both production and product development, which has been confirmed by external organizations. Environmental issues are integrated in the product development process, and all personnel are offered environmental training.

In connection with acquisition of companies and plants, an assessment is made of potential environmental risks and the investment that might be required to adapt production, and when necessary an analysis is performed to determine possible contamination of soil and ground water. This assessment is integrated in the acquisition process and is performed according to standardized routines. This process is regulated by law in many regions, particularly in North America.

EXTERNAL RECOGNITION

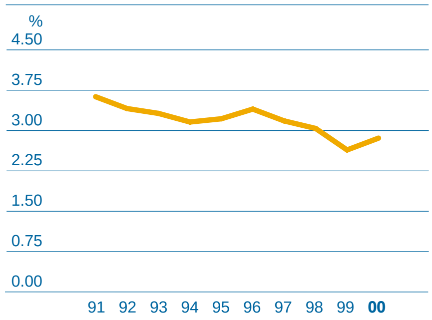
In recent years a number of products featuring high environmental performance have been launched and received good market acceptance. In 2000, two Electrolux refrigerators were chosen for the Energy+ procurement program, which comprises some of the most energy-efficient products in Europe.

Electrolux is the first company in the world to receive ISO TR 14025 certification for environmental declarations for complex products. These declarations refer to eight refrigerators and freezers that are produced in Mariestad, Sweden under the Electrolux brand.

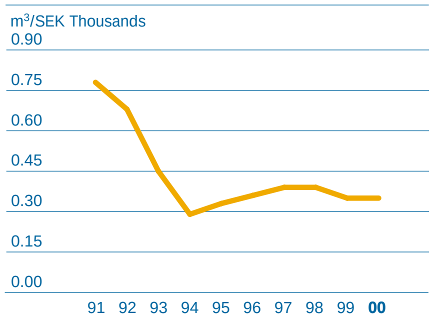
Electrolux shares have been chosen by a number of environmental investment funds, and in 2000 were listed for the second consecutive year in the Dow Jones Sustainability Index. A study of environmental work in multinational companies that was performed by the German-based Oekom Institute gave top rankings to Electrolux and Ricoh of Japan. The Group's environmental information for 2000 was named the best in Swedish industry by the Swedish business weekly Affärsvärlden together with the Swedish Institute of Business Administration (Företagsekonomiska institutet).

Additional information about Electrolux environmental work is available at www.electrolux.com/environment

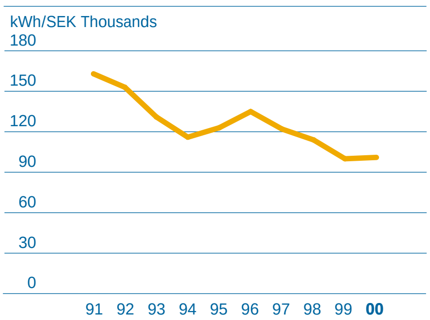
Energy costs as % of added value



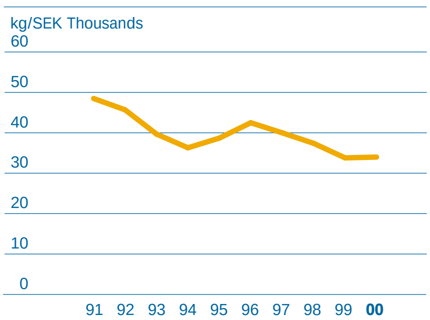
Water consumption per added value



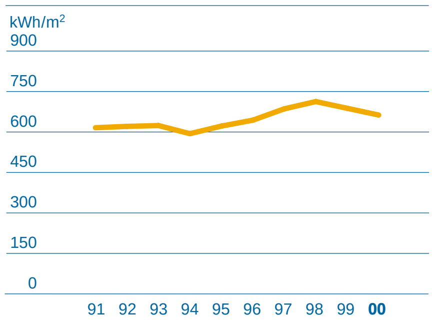
Energy consumption per added value



CO_2 per added value



Energy consumption per heated area



Annual General Meeting

The Annual General Meeting will be held at 5 p.m. on Tuesday, April 24, 2001 at the Berwald Hall, Dag Hammarskjölds Väg 3, Stockholm.

REGISTRATION

Shareholders who intend to participate in the Annual General Meeting must be registered with VPC AB (Securities Register Center) on Thursday, April 12, 2001. Shareholders whose shares are registered through banks or trustees must have their shares temporarily registered in their own names at VPC on that date.

PARTICIPATION

In addition, notice of intent to participate must be given to Electrolux not later than 4 p.m. on Wednesday, April 18, 2001, when also the number of advisors should be stated. Notice of intent to participate can be made by mail to AB Electrolux, Dept. C-J, SE-105 45 Stockholm, Sweden, or by telephone at +46 8 738 61 30. Notice can also be given at: www.electrolux.com/agm

Notice should include the shareholder's name, registration number, if any, address and telephone number. Shareholders participating by proxy should submit a copy of the proxy authorization prior to the date of the AGM.

DIVIDEND

The Board has proposed Friday, April 27, 2001 as record day, after which it is expected that dividends will be paid by VPC on May 3, 2001.

April 24, 2001 is the last day for trading in Electrolux shares that entitle a dividend for 2000.

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The Electrolux Group.
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