Annual Report 2010 2

Financial review
Sustainability report
Corporate governance

RESULT
PERFORMANCE
SUSTAINABILITY
GOVERNANCE

Thinking of you
Electrolux

Contents

Annual report 2010

Part 1 describes Electrolux operations and strategy.

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

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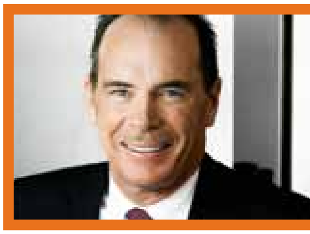
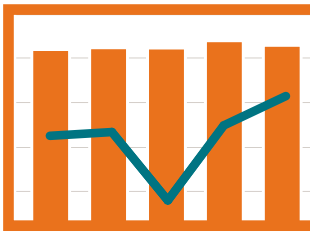
The result for 2010 is the best ever for Electrolux. We also succeeded in reaching our target operating margin of 6%. I am extremely proud that all of our operations have improved their results in a market that continues to be very competitive and in an environment with increasing costs for raw materials.



CEO comments on the results, page 2.

Operating income increased due to improvements in product mix and cost savings despite higher costs for raw materials and downward pressure on prices.



Report by the Board of Directors, page 5.

For Electrolux, sustainability provides business opportunities. Innovative, energy-lean appliances can contribute to increased market shares. A sustainable approach reduces exposure to non-financial risk and reinforces partnerships with retailers.

Dow Jones Sustainability Indexes
Member 2010/11

Sustainability focus areas, page 80.

Green Range

All product development at Electrolux is based on comprehensive insight into the sophisticated needs of consumers. Across the globe, interest is growing in products that are sustainably manufactured, use less energy and water, and can be recycled. As a leading brand of energy- and water-efficient products, both for consumers and professional users, Electrolux can capitalize on this trend.

With its Vac from the Sea campaign, Electrolux has raised people's awareness of the impact of plastic waste in the world's oceans at that same time as there is a shortage of recycled plastic. The campaign, which is linked to the strategy surrounding the marketing of the Electrolux Green Range of vacuum cleaners, has strengthened the Group's leading position in sustainability.

Five concept vacuum cleaners made of plastics found in the world's oceans. They also form part of the marketing strategy of the Electrolux Green Range of vacuum cleaners.

Highlights of 2010

- Net sales increased by 1.5% in comparable currencies.
- Strong growth in Latin America and Asia/Pacific offset lower sales volumes in Europe and North America.
- For the first time Electrolux achieved its operating margin target of 6%.
- Operating income increased to SEK 6,494m (5,322), corresponding to an operating margin of 6.1% (4.9), excluding items affecting comparability.
- Improvements in product mix and cost savings offset higher costs for raw materials and downward pressure on prices.
- The Board of Directors proposes a dividend for 2010 of SEK 6.50 (4.00) per share.

Key data

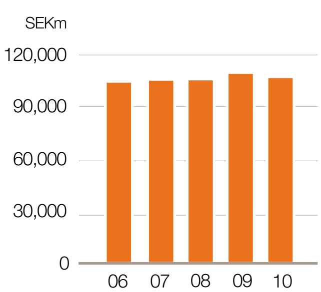
SEKm, EURm, USDm, unless otherwise stated	**2010**	2009	2010 EURm	2010 USDm
Net sales	106,326	109,132	11,125	14,763
Operating income	5,430	3,761	568	754
Margin, %	5.1	3.4		
Income after financial items	5,306	3,484	555	737
Income for the period	3,997	2,607	418	555
Earnings per share, SEK, EUR, USD	14.04	9.18	1.47	1.95
Dividend per share	6.50[1]	4.00		
Average number of employees	51,544	50,633		
Net debt/equity ratio	–0.03	0.04		
Return on equity, %	20.6	14.9		
Excluding items affecting comparability				
Items affecting comparability	–1,064	–1,561	–111	–148
Operating income	6,494	5,322	679	902
Margin, %	6.1	4.9		
Income after financial items	6,370	5,045	666	884
Income for the period	4,739	3,851	496	658
Earnings per share, SEK	16.65	13.56	1.74	2.31
Return on net assets, %	31.0	26.2		

1) Proposed by the Board of Directors.

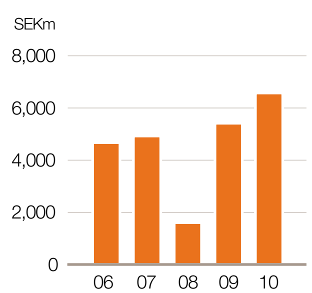
Net sales and employees

Ten largest countries	SEKm	Employees
USA	29,782	8,675
Brazil	14,231	11,004
Germany	5,974	1,783
Australia	5,514	1,580
Italy	4,609	6,210
Canada	4,390	1,401
France	4,223	1,182
Switzerland	3,667	875
Sweden	3,353	2,296
United Kingdom	2,898	387
Other	27,685	16,151
Total	**106,326**	**51,544**

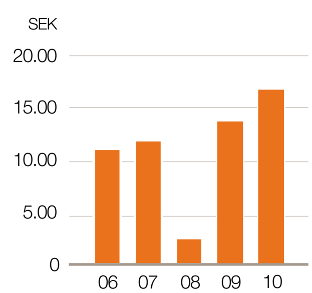
Net sales



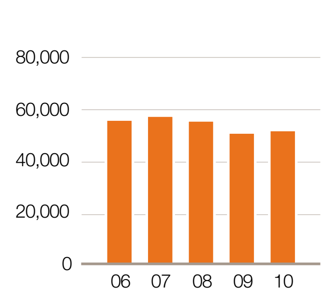
Operating income[1]



Earnings per share[1]



Number of employees[2]



1) Excluding items affecting comparability.
2) Average number of employees.

Concept, text and production by Electrolux Investor Relations and Solberg.

Record results for 2010

We are reporting a solid result for the fourth quarter 2010, and the full-year result for 2010 is the best ever for Electrolux. We also succeeded in reaching our target operating margin of 6%. I am extremely proud that all of our operations have improved their results in a market that continues to be very competitive and in an environment with increasing costs for raw materials.

The good performance confirms that we have the right strategy; innovative products, investments in the Electrolux brand and cost efficiencies are paying off.

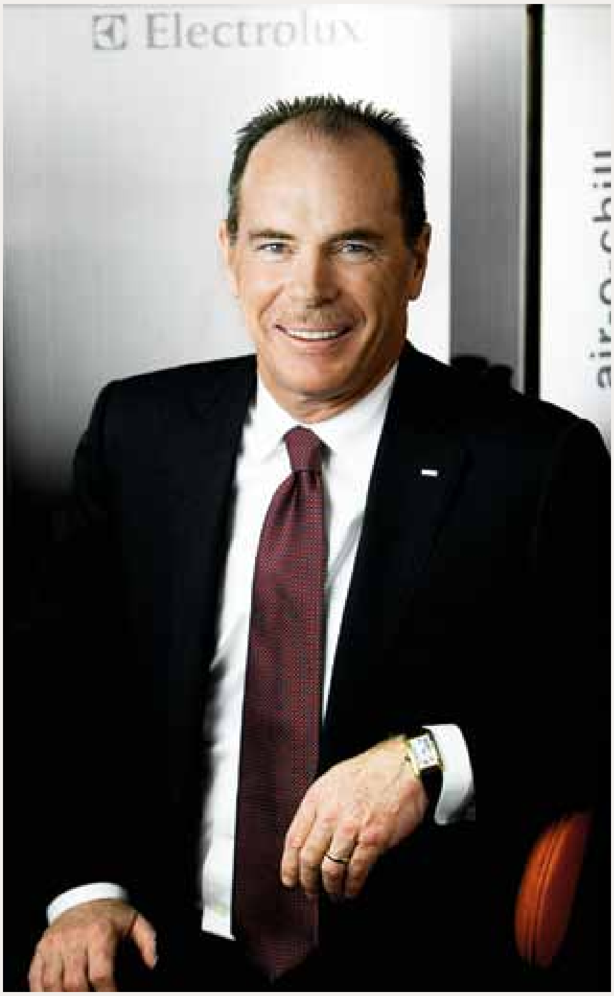
Today, we present a year-end result for 2010 that is the best ever for Electrolux in our current structure, and we have achieved for the first time our operating margin target of 6% for the full year.

We have improved our product mix in North America by successfully increasing sales under our own brands. At the same time, we have consciously continued to phase out products with lower profitability, mainly those under private labels.

In Europe as well, we have improved our product mix and we have continued to increase sales within the very important built-in segment for kitchen products. During the year, we also managed to further improve our product quality and cost base. In 2011, we will continue to introduce new premium products in the European market.

The operations in Latin America succeeded in surpassing their record result from 2009, thanks to a very strong fourth quarter. At the end of 2010, several new products were introduced in the Latin American market, which will further strengthen our position.

"We have achieved for the first time our operating margin target of 6% for a full year."



> **I see very good opportunities going forward to be able to continue to deliver a high return to our shareholders through profitable expansion.**

The Asia/Pacific business area doubled its result for 2010 compared to 2009 and achieved an operating margin of more than 10%. Significant earnings improvement occurred in the important Oceania, Southeast Asia and Northern regions of Asia/Pacific.

Through successful launches in all regions in 2010, our floorcare operations managed to substantially strengthen their product mix and thereby achieve a strong operating margin for the full year.

Professional Products achieved record results for the fourth quarter and the full year of 2010. This highlights the fact that our strategy to offer an innovative product range in combination with strict cost control works in this segment as well.

In 2010, we continued to reduce our costs to further strengthen our competitiveness. In the fourth quarter, we introduced several measures in North America and Europe to further improve our manufacturing structure. We also have great expectations for the savings that will be generated by utilizing our global strength and scope through initiatives within Global Operations. The initiatives are expected to save about SEK 2–2.5 billion per year with full effect from 2015. Initially, the costs for these investments will be SEK 500 million per year for 2011 and 2012.

The costs for our most important raw materials continue to increase. In addition to increased costs for steel, we also see considerable increases in resins and base metals. We have signed contracts for a significant part of this year's raw-material requirements. We expect that the costs for raw materials in 2011 will increase between SEK 1.5 and 2 billion over the previous year, with full impact as from the start of the year.

In the fourth quarter, we have seen continued price pressure in some of our large markets. To compensate for increasing raw-material costs, we have communicated a general price increase in North America. In Europe and other markets around the world, we will execute selective price increases to compensate for higher costs. It will take time to implement price increases and we will begin to see the positive effect in the second quarter.

Demand in our largest markets recovered somewhat in 2010. We expect that demand for appliances in North America and Europe will continue to grow modestly in 2011 with most of the growth in the second half of the year.

I am assuming my role as President and CEO after a record result under the leadership of my predecessor, Hans Stråberg, which is a challenging starting point. But our direction is clear: to bring consumer-insight driven innovation to the market in our products, brands and services, supported by global operational excellence. Our ambition is to continue to provide sustainable value to our customers and our shareholders through great efforts from our talented and committed people.

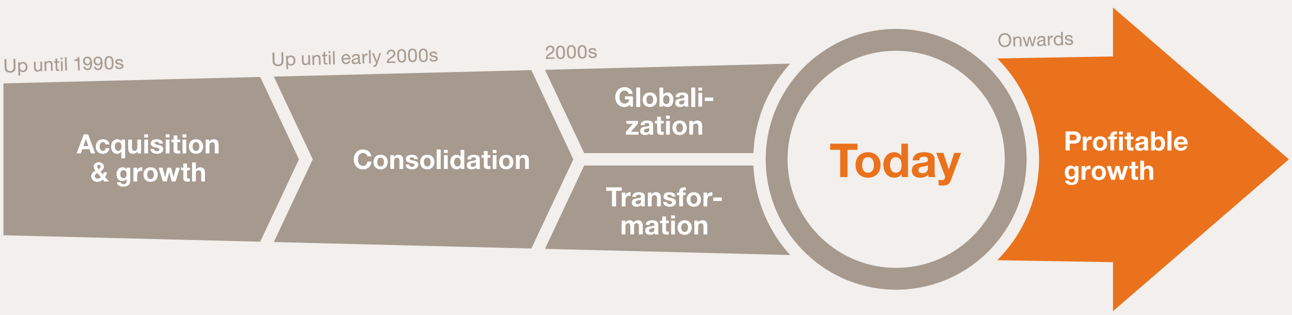
We have further strengthened our balance sheet in 2010 by generating a very strong cash flow, which has given the Board the opportunity to propose a considerable increase of the dividend. I see very good opportunities going forward to be able to continue to deliver a high return to our shareholders through profitable expansion of our operations both organically and through acquisitions while continuing to generate a strong cash return.

Stockholm, February 2, 2011

Keith McLoughlin
President and Chief Executive Officer

Electrolux strategy

Electrolux has completed its transformation from a manufacturing company into an innovative, consumer-driven company with an organization built on a strong understanding of consumer needs. The combination of innovative products and a strong brand in the premium segment with the ability to utilize the global strength and reach of the Group have equipped Electrolux with the best prerequisites ever for profitable growth.



Products

All new products are born out of the Group's process for consumer-driven product development. Extensive consumer interviews and visits to consumers' homes have enabled Electrolux to identify global social trends and needs, to which new products are tailored.

Cost

The Group has a competitive production structure in which all vacuum cleaners and approximately 55% of appliances are manufactured in low-cost regions. Utilization of the global reach and strength of the Group will enable synergies to be realized that further reduce costs and create the prerequisites for more rapid growth.

Brand

The Electrolux brand commands a global position as a premium brand that represents innovative, energy-efficient products with attractive design. Electrolux is now a leading brand in most major markets.

Financial goals

The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with consistent profitability.

>6%

- Operating margin of 6% or greater over a business cycle.
- Capital-turnover rate of 4 or higher.
- Return on net assets of at least 25%.
- Average annual growth of 4% or more.

Key ratios are excluding items affecting comparability.

Report by the Board of Directors for 2010

- Net sales amounted to SEK 106,326m (109,132) and income for the period to SEK 3,997m (2,607), corresponding to SEK 14.04 (9.18) per share.
- Net sales increased by 1.5% in comparable currencies.
- Strong growth in Latin America and Asia/Pacific offset lower sales volumes in Europe and North America.
- Operating income increased to SEK 5,430m (3,761), corresponding to an operating margin of 5.1% (3.4).
- Operating margin amounted to 6.1% (4.9), excluding items affecting comparability.
- All business areas outperformed previous year's operating income.
- Improvements in product mix and cost savings offset higher costs for raw materials and downward pressure on prices.
- Cash flow from operations and investments amounted to SEK 3,206m (5,330).
- The Board of Directors proposes a dividend for 2010 of SEK 6.50 (4.00) per share.
- The Board proposes a renewed AGM mandate to repurchase own shares.

Contents page

Key data

SEKm	**2010**	Change	2009
Net sales	106,326	–3%	109,132
Operating income	5,430	44%	3,761
Margin, %	5.1		3.4
Income after financial items	5,306	52%	3,484
Income for the period	3,997	53%	2,607
Earnings per share, SEK	14.04		9.18
Dividend per share, SEK	6.50[1)]		4.00
Net debt/equity ratio	–0.03		0.04
Return on equity, %	20.6		14.9
Average number of employees	51,544		50,633
Excluding items affecting comparability			
Items affecting comparability	–1,064		–1,561
Operating income	6,494	22%	5,322
Margin, %	6.1		4.9
Income after financial items	6,370	26%	5,045
Income for the period	4,739	23%	3,851
Earnings per share, SEK	16.65		13.56
Return on net assets, %	31.0		26.2

1) Proposed by the Board of Directors.

Net sales and income

- Net sales for 2010 increased by 1.5% in comparable currencies.
- Strong growth in Asia/Pacific and Latin America offset lower sales volumes in Europe and North America.
- Operating income increased to SEK 5,430m (3,761).
- Electrolux achieved its operating margin target of 6%, excluding items affecting comparability.
- Operating income improved on the basis of an improved product mix and cost savings.
- Income for the period was SEK 3,997m (2.607).
- Earnings per share amounted to SEK 14.04 (9.18).

Net sales

Net sales for the Electrolux Group in 2010 amounted to SEK 106,326m, as against SEK 109,132m in the previous year. Changes in exchange rates had a negative impact on net sales. Net sales increased by 1.5% in comparable currencies. Strong sales growth in Latin America and Asia/Pacific offset lower sales volumes in Europe and North America.

Change in net sales

%	2010
Changes in Group structure	0.0
Changes in exchange rates	–4.1
Changes in volume/price/mix	1.5
Total	**–2.6**

Operating income

Operating income for 2010 increased to SEK 5,430m (3,761), corresponding to 5.1% (3.4) of net sales.

All operations showed improvements. Improvements in mix, cost savings and changes in exchange rates had a positive impact on income, compared to 2009.

Items affecting comparability

Operating income for 2010 includes costs for the restructuring program initiated in 2004, see page 8. These costs, amounting to SEK –1,064m (–1,561), are reported as items affecting comparability. Excluding items affecting comparability, operating income amounted to SEK 6,494m (5,322) and operating margin to 6.1% (4.9). In 2010, Electrolux achieved its operating margin target of 6% for a full year for the first time.

Depreciation and amortization

Depreciation and amortization in 2010 amounted to SEK 3,328m (3,442).

Financial net

Net financial items improved to SEK –124m (–277). The improvement is mainly due to lower interest rates on borrowings and lower net borrowings.

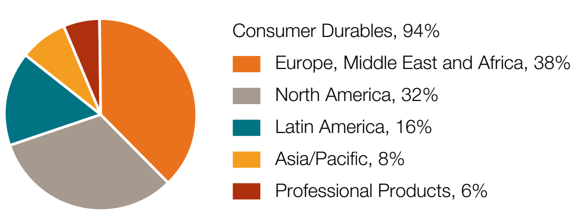
Income after financial items

Income after financial items increased to SEK 5,306m (3,484), corresponding to 5.0% (3.2) of net sales.

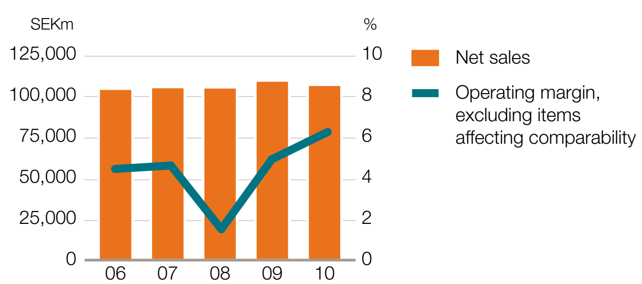
Taxes

Total taxes in 2010 amounted to SEK –1,309m (–877), corresponding to 24.7% (25.2) of income after financial items.

Share of sales by business area



Net sales and operating margin



Consolidated income statement

SEKm	Note	**2010**	2009
Net sales	3,4	**106,326**	**109,132**
Cost of goods sold		–82,697	–86,980
Gross operating income		**23,629**	**22,152**
Selling expenses		–11,698	–11,394
Administrative expenses		–5,428	–5,375
Other operating income	5	14	41
Other operating expenses	6	–23	–102
Items affecting comparability	3,7	–1,064	–1,561
Operating income	3,4,8	**5,430**	**3,761**
Financial income	9	332	256
Financial expenses	9	–456	–533
Financial items, net		**–124**	**–277**
Income after financial items		**5,306**	**3,484**
Taxes	10	–1,309	–877
Income for the period		**3,997**	**2,607**
Available for sale instruments	11,29	77	138
Cash flow hedges	11	–117	–112
Exchange differences on translation of foreign operations	11	–1,108	–264
Income tax related to other comprehensive income		–30	—
Other comprehensive income, net of tax		**–1,178**	**–238**
Total comprehensive income for the period		**2,819**	**2,369**
Income for the period attributable to:			
Equity holders of the Parent Company		3,997	2,607
Non-controlling interests		—	—
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		2,819	2,369
Non-controlling interests		—	—
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		14.04	9.18
Diluted, SEK		13.97	9.16
Average number of shares	20		
Basic, million		284.6	284.0
Diluted, million		286.0	284.6

Income for the period and earnings per share

Income for the period amounted to SEK 3,997m (2,607), corresponding to SEK 14.04 (9.18) in earnings per share before dilution.

Effects of changes in exchange rates

Changes in exchange rates compared to the previous year, including translation, transaction effects and hedging contracts, had a positive impact of approximately SEK 660m on operating income for 2010. The effects of changes in exchange rates referred mainly to the operations in Europe, Asia/Pacific and Latin America. The weakening of the euro against several other currencies and the strengthening of the Australian dollar and the Brazilian real against the US dollar positively affected operating income.

The transaction effects amounted to approximately SEK 740m and the translation of income statements in subsidiaries to approximately SEK –130m. In addition, results from hedging contracts had a positive effect of approximately SEK 50m on operating income.

For additional information on effects of changes in exchange rates, see section on foreign exchange risk in Note 2 on page 40.

Market overview

Demand in the North American market increased by 5% over the previous year. The growth derives from a very low level after more than three years of decline. One contributing factor to the growth in 2010 was the state-sponsored rebate program for energy-efficient products in the second quarter.

Total demand in the European market stabilized in 2010 and increased by 2%, after more than two years of decline, primarily due to growth in Eastern Europe, where demand increased by 6%. Demand in Western Europe stabilized. The market in Brazil increased in 2010 in comparison with the previous year. Most other markets in Latin America also improved.

Market demand for appliances in Europe and North America is expected to show a modest growth in 2011. Demand in Europe is expected to increase by approximately 2% and demand in North America by approximately 3% in 2011.

Structural changes

Electrolux initiated a restructuring program in 2004 to make the Group's production competitive in the long term. It will be completed in 2011 and more than half of production of appliances will be located in low-cost areas. The total cost of the program will be approximately SEK 8.5 billion, and the program is expected to generate annual cost savings of SEK 3.4 billion with full effect as of 2013. Restructuring provisions and write-downs are reported as items affecting comparability within operating income.

Throughout 2010, Electrolux introduced restructuring activities and aquisitions. These activities are described below.

December 2010

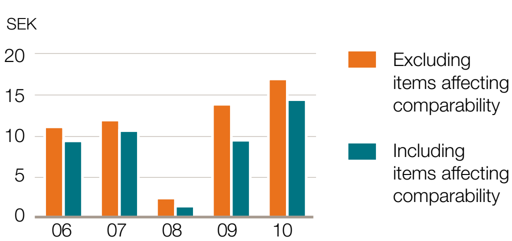
Electrolux consolidates cooking manufacturing in North America

Electrolux is to consolidate its North American cooking manufacturing to Tennessee, USA, by building a new plant in Memphis. This site offers an optimal geographical location towards customers and suppliers. Electrolux currently operates a factory in Springfield. The new factory will together with the existing cooker factory in Springfield establish Tennessee as a cooking production centre for Electrolux in North America, enabling Electrolux to realize synergies in manufacturing, R&D, purchasing, etc.

Production in Memphis is expected to start in mid-2012, and the factory is expected to be fully operational in 2013. The new manufacturing site, which represents an investment of USD 190m, corresponding to approximately SEK 1,300m, will receive investment support from state, county and city governing bodies, which is pending their final approval.

Production at Electrolux cooking facility in L'Assomption, Quebec, Canada, will be transferred to the new facility in Memphis. Transfer of production from the factory in L'Assomption will begin in mid-2012, and the factory will close in the fourth quarter of 2013. The factory has approximately 1,300 employees. The closure will incur a total cost of approximately SEK 430m, which was taken as a charge against operating income in the fourth quarter of 2010, within items affecting comparability.

Earnings per share



Items affecting comparability

Restructuring provisions and write-downs[1]	2010	2009
SEKm		
Appliances, workforce reduction within manufacturing, Europe	–356	–
Appliances plant in L'Assomption, Quebec, Canada	–426	–
Appliances plant in Revin, France	–71	–
Appliances plant in Forli, Italy	–136	–
Appliances plant in Motala, Sweden	–95	–
Appliances plant in Alcalà, Spain	–	–440
Appliances plants in Webster City and Jefferson, USA	–	–560
Office consolidation in USA	–	–218
Appliances plant in Changsha, China	–	–162
Appliances plant in Porcia, Italy	–	–132
Appliances plant in St. Petersburg, Russia	–	–105
Reversal of unused restructuring provisions	20	56
Total	**–1,064**	**–1,561**

1) Deducted from cost of goods sold.

Electrolux to reduce workforce in Europe

In Europe, Electrolux will reduce its workforce within manufacturing of appliances by approximately 800 employees in 2011 and 2012. No factory will be closed. Changes will be implemented gradually, and fully finalized in the fourth quarter of 2012. The redundancies will incur a total cost of approximately SEK 360m, which was taken as a charge against operating income in the fourth quarter of 2010, within items affecting comparability.

October 2010

Electrolux intends to acquire Olympic Group in Egypt

As part of Electrolux strategy to grow in emerging markets, Electrolux last October announced its intention to acquire Olympic Group for Financial Investments S.A.E. Olympic Group is the largest manufacturer of household appliances in the fast-growing Middle East and North Africa regions.

Olympic Group, listed on the Egyptian Stock Exchange, has 7,300 employees and manufactures washing machines, refrigerators, cookers and water heaters. In 2009, net sales amounted to 2.1 billion Egyptian pounds (EGP), approximately SEK 2.5 billion. Olympic Group's estimated volume market share of appliances in Egypt is approximately 30%.

In October, Electrolux signed a Memorandum of Understanding with Paradise Capital to acquire Paradise Capital's 52% controlling interest in Olympic Group. Electrolux intends to launch a Mandatory Tender Offer for the remaining shares in the company. Upon completion of the transaction, the ownership in the associated companies Namaa and B-Tech will be acquired by Paradise Capital.

The estimated enterprise value of Olympic Group, excluding the above mentioned associated companies, is approximately EGP 2.7 billion or SEK 3.2 billion. The acquisition is subject to satisfactory completion of the due diligence process that has been initiated, regulatory clearances and agreements on customary transaction documentation. Upon completion of the acquisition, Olympic Group will against a management fee enter into a management agreement with Electrolux and Paradise Capital for continued technical and management support.

Given recent turmoil in Egypt, Electrolux is assessing the situation.

August 2010

Electrolux acquires washer plant in Ukraine

Electrolux has signed an agreement to acquire a washing-machine factory in Ivano-Frankivsk, Ukraine, with approximately 150 employees.

The acquisition strengthens Electrolux presence and manufacturing base in Central and Eastern Europe. Ukraine participates in the free trade framework within the Commonwealth of Independent States (CIS), which includes Russia, Kazakhstan, Armenia, Azerbaijan and other countries.

The washer factory is acquired from Antonio Merloni S.p.A. and the purchase price is EUR 19m. Closing of the deal is expected to take place in the first quarter of 2011, and is subject to approval by competition authorities.

April 2010

Improving efficiency in appliances plants in Italy and France

Electrolux is continuing its restructuring work in Europe. In the second quarter of 2010, work was initiated on how efficiency at the washing-machine plant in Revin, France, and at the cooker plant in Forlì, Italy, can be improved. The costs are estimated at approximately SEK 210m, which were charged against operating income, within items affecting comparability, in the second quarter of 2010.

January 2010

Production of cookers in Sweden to be phased out

It has been decided to discontinue the Group's production of cookers in Motala, Sweden. In the first quarter of 2011, the greater part will be phased out and an external part will take over production of large cookers and compact-kitchens. Approximately 240 people are employed at the plant. Costs for the discontinuation, SEK 100m, were charged against operating income, within items affecting comparability in the first quarter of 2010.

Relocation of production, items affecting comparability, restructuring measures 2007–2013

Plant closures and cutbacks			Closed
Nuremberg	Germany	Dishwashers, washing machines and dryers	(Q1 2007)
Torsvik	Sweden	Compact appliances	(Q1 2007)
Adelaide	Australia	Dishwashers	(Q2 2007)
Fredericia	Denmark	Cookers	(Q4 2007)
Adelaide	Australia	Washing machines	(Q1 2008)
Spennymoor	UK	Cookers	(Q4 2008)
Changsha	China	Refrigerators	(Q1 2009)
Scandicci	Italy	Refrigerators	(Q2 2009)
St. Petersburg	Russia	Washing machines	(Q2 2010)

Authorized closures			Estimated closure
Motala	Sweden	Cookers	(Q1 2011)
Webster City	USA	Washing machines	(Q1 2011)
Alcalà	Spain	Washing machines	(Q1 2011)
L'Assomption	Canada	Cookers	(Q4 2013)

Investment			Effected
Porcia	Italy	Washing machines	(Q4 2010)
Memphis	USA	Cookers	(Q2 2012)

In 2004, Electrolux initiated a restructuring program to make the Group's production competitive in the long term. When it is implemented in 2011, more than half of production of appliances will be located in low-cost areas. The total cost of the program will be approximately SEK 8.5 billion and savings will amount to approximately SEK 3.4 billion annually as of 2013. Restructuring provisions and write-downs are reported as items affecting comparability within operating income. For information on provisions in 2010, see table on page 8.

Operations by business area

The Group's operations include products for consumers as well as professional users. Products for consumers comprise major appliances, i.e., refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens, as well as floor-care products. Professional products comprise food-service equipment for hotels, restaurants and institutions, as well as laundry equipment for apartment-house laundry rooms, launderettes, hotels and other professional users.

In 2010, appliances accounted for 86% (85) of sales, professional products for 6% (7) and floor-care products for 8% (8).

Consumer Durables, Europe, Middle East and Africa

SEKm[1]	2010	2009
Net sales	40,038	44,073
Operating income	2,703	2,349
Operating margin, %	6.8	5.3
Net assets	7,367	7,791
Return on net assets, %	34.2	30.2
Capital expenditure	1,454	1,187
Average number of employees	20,237	22,154

1) Excluding items affecting comparability.

- Demand in most of the key markets increased in 2010.
- The North American market increased by 5% and the European market by 2%.
- Net sales increased by 1.5% in comparable currencies.
- Sales were impacted by mix improvements and increased volumes.
- All business areas outperformed previous year's results.
- Strong improvements in operating income for the operations in Asia/Pacific and for Professional Products.
- Improvements in product mix and cost savings offset higher costs for raw materials and downward pressure on prices.
- Average number of employees increased to 51,544 (50,633).

Core appliances

Total demand in the European market stabilized in 2010 and increased by 2%, after more than two years of decline. Demand in Western Europe increased by 1% and demand in Eastern Europe. by 6%.

Group sales decreased in 2010, on the basis of lower volumes and lower prices in the market. Sales volumes have been impacted by the fact that the German retailer Quelle, one of the Group's largest customers, declared bankruptcy at the end of 2009.

Operating income improved considerably compared to the previous year, above all due to a positive mix development. Increased sales of built-in products, primarily in the German market, and a higher proportion of sales stemming from the central regions of Europe contributed to an improved product mix. In addition, lower warranty costs had a positive impact on operating income.

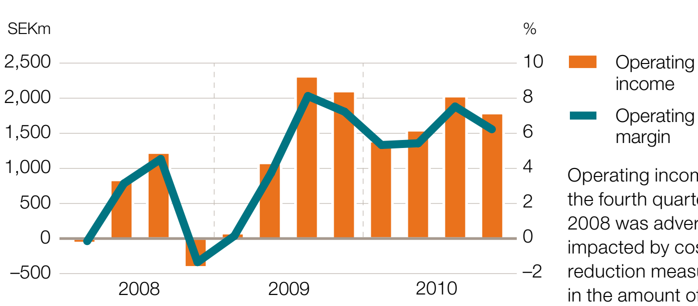
Previous employee cutbacks and cost-saving measures continued to positively impact operating income, while lower volumes, price pressure and higher marketing and brand investments had a negative impact.

Floor-care products

Market demand for vacuum cleaners in Europe increased in 2010, compared to 2009.

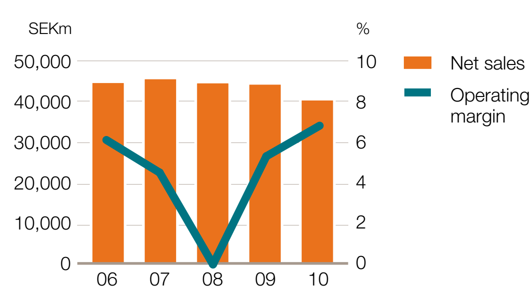
Group sales increased and operating income improved substantially. This is a result of increased sales of products in the premium segment, which improved the product mix.

Operating income and margin per quarter for the Group



Operating income in the fourth quarter of 2008 was adversely impacted by cost-reduction measures in the amount of SEK –1,045m.

Consumer Durables, Europe, Middle East and Africa



Consumer Durables, North America

SEKm 1)	2010	2009
Net sales	33,776	35,726
Operating income	1,574	1,476
Operating margin, %	4.7	4.1
Net assets	7,699	7,898
Return on net assets, %	21.5	19.8
Capital expenditure	742	470
Average number of employees	12,680	12,837

1) Excluding items affecting comparability.

Consumer Durables, Latin America

SEKm 1)	2010	2009
Net sales	17,276	14,165
Operating income	1,080	878
Operating margin, %	6.3	6.2
Net assets	3,533	3,190
Return on net assets, %	31.0	25.4
Capital expenditure	661	311
Average number of employees	11,616	8,194

1) Excluding items affecting comparability.

Core appliances

Market demand for core appliances in North America increased by 5% in 2010, compared to the previous year. The growth derives from a very low level after more than three years of decline. One contributing factor to the growth in 2010 was the state-sponsored rebate program for energy-efficient products in the second quarter.

Group sales in 2010 were in line with the previous year. Operating income increased primarily on the basis of an improved product mix. Since the end of 2009, Electrolux has been terminating certain sales contracts under private labels that have poor profitability. This has positively impacted the product mix.

Floor-care products

Demand for vacuum cleaners in North America increased in 2010 in comparison with the previous year. Group sales declined on the basis of lower sales volumes and price pressure in the market.

Operating income declined, due to lower sales volumes, higher costs for sourced products and lower prices in the market.

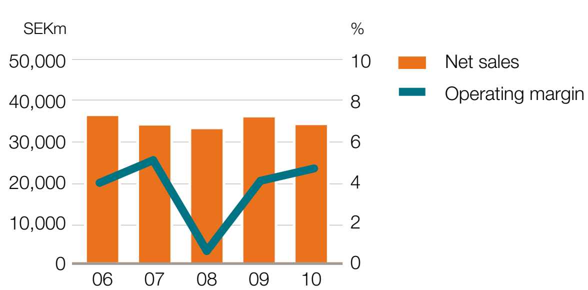
Market demand for appliances in Brazil increased in 2010 compared to the previous year. Several other markets in Latin America also showed good growth.

Electrolux sales volumes in Latin America increased in 2010, which led to higher sales and increased market shares for the Group in Brazil and several other markets in Latin America. The remaining markets in Latin America accounted for 17% of all Group sales in Latin America.

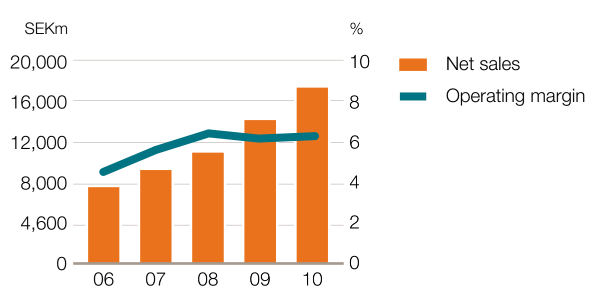
Operating income for 2010 improved, primarily on the basis of higher volumes and an improved product mix. The launch of new products and increased sales of air-conditioning equipment have contributed to a better product mix. For the third consecutive year, operating income was the best ever for the operations in Latin America.

The Group's floor-care operations in Latin America showed good growth and profitability development in the year.

Consumer Durables, North America



Consumer Durables, Latin America



Consumer Durables, Asia/Pacific

SEKm[1]	2010	2009
Net sales	8,836	8,033
Operating income	928	458
Operating margin, %	10.5	5.7
Net assets	2,115	1,942
Return on net assets, %	45.8	26.6
Capital expenditure	208	131
Average number of employees	3,475	3,739

1) Excluding items affecting comparability.

Professional Products

SEKm[1]	2010	2009
Net sales	6,389	7,129
Operating income	743	668
Operating margin, %	11.6	9.4
Net assets	874	1,068
Return on net assets, %	82.8	57.5
Capital expenditure	96	107
Average number of employees	2,671	2,840

1) Excluding items affecting comparability.

Australia and New Zealand

Market demand for appliances in Australia declined during 2010, compared to the previous year. Group sales declined somewhat.

Operating income improved considerably, on the basis of changes in exchange rates and improved cost efficiency. Increased costs for raw materials and price pressure in the market, however, had a negative impact on operating income.

Southeast Asia and China

Market demand in Southeast Asia and China increased in 2010, compared to the previous year.

Electrolux sales in the Southeast Asian and Chinese markets grew substantially, by approximately 35%, during the year, and the Group continued to gain market shares. The operations in Southeast Asia continued to show good profitability.

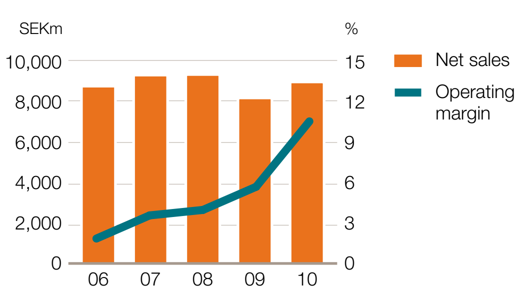
Market demand for food-service equipment stabilized in 2010, compared to the previous year. Sales volumes of the Group's own products have increased. However, total sales of food-service equipment declined. This is because the Group in the third quarter of 2010 exited a contractor of larger kitchen products in North America because of less profitability.

Operating income showed a considerable improvement thanks to increased sales of Group-manufactured products, an improved customer mix and cost efficiencies.

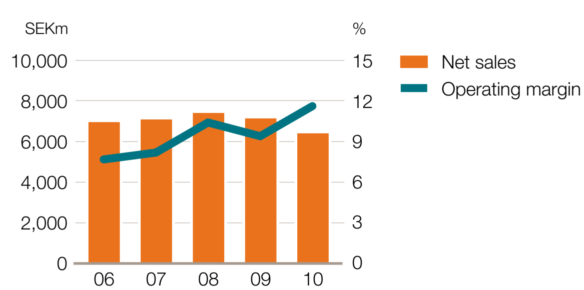
Market demand for professional laundry products is estimated to have stabilized in 2010. The Group's sales volumes decreased. Operating income, however, improved due to price increases and increased cost efficiency.

Operating income for 2010 was the best ever for the operations in Professional Products.

Consumer Durables, Asia/Pacific



Professional Products



OPERATIONS, BY BUSINESS AREA

SEKm[1]	2010	2009
Consumer Durables Europe, Middle East and Africa		
Net sales	40,038	44,073
Operating income	2,703	2,349
Margin, %	6.8	5.3
Consumer Durables, North America		
Net sales	33,776	35,726
Operating income	1,574	1,476
Margin, %	4.7	4.1
Consumer Durables, Latin America		
Net sales	17,276	14,165
Operating income	1,080	878
Margin, %	6.3	6.2
Consumer Durables, Asia/Pacific		
Net sales	8,836	8,033
Operating income	928	458
Margin, %	10.5	5.7
Professional Products		
Net sales	6,389	7,129
Operating income	743	668
Margin, %	11.6	9.4
Other		
Net sales	11	6
Operating income, common group costs, etc.	–534	–507
Total net sales	**106,326**	**109,132**
Operating income	**6,494**	**5,322**
Margin, %	**6.1**	**4.9**

1) Excluding items affecting comparability.

NET SALES AND OPERATING INCOME 2010 COMPARED TO 2009[1]

Change, year-over-year, %	Net sales	Net sales in comparable currencies	Operating income	Operating income in comparable currencies
Consumer Durables				
Europe, Middle East and Africa	–9.2	–2.1	15.1	23.0
North America	–5.5	–0.3	6.6	11.2
Latin America	22.0	15.7	23.0	18.6
Asia/Pacific	10.0	5.9	102.6	88.2
Professional Products	**–10.4**	**–4.3**	**11.2**	**17.6**
Total change	**–2.6**	**1.5**	**22.0**	**25.0**

1) Excluding items affecting comparability.

Financial position

Working capital and net assets

SEKm	Dec. 31, **2010**	% of annualized net sales	Dec. 31, 2009	% of annualized net sales
Inventories	11,130	10.2	10,050	8.8
Trade receivables	19,346	17.7	20,173	17.7
Accounts payable	–17,283	–15.8	–16,031	–14.1
Provisions	–10,009		–9,447	
Prepaid and accrued income and expenses	–7,095		–7,998	
Taxes and other assets and liabilities	–1,991		–1,901	
Working capital	**–5,902**	**–5.4**	**–5,154**	**–4.5**
Property, plant and equipment	14,630		15,315	
Goodwill	2,295		2,274	
Other non-current assets	6,706		5,197	
Deferred tax assets and liabilities	2,175		1,874	
Net assets	**19,904**	**18.2**	**19,506**	**17.1**
Average net assets	19,545	18.4	19,411	17.8
Return on net assets, %	27.8		19.4	
Return on net assets, excluding items affecting comparability, %	31.0		26.2	

- Equity/assets ratio was 33.9% (31.8).
- Return on equity was 20.6% (14.9).
- Average net assets, excluding items affecting comparability, amounted to SEK 20,940m (20,320).
- Working capital improved to SEK –5,902m (–5,154).
- Net borrowings amounted to SEK –709m (665).

Net assets and working capital

Average net assets for the period amounted to SEK 19,545m (19,411). Net assets as of December 31, 2010, amounted to SEK 19,904m (19,506).

Adjusted for items affecting comparability, i.e., restructuring provisions, average net assets increased to SEK 20,940m (20,320), corresponding to 19.7% (18.6) of net sales.

Working capital as of December 31, 2010, amounted to SEK –5,902m (–5,154), corresponding to –5.4% (–4.5) of annualized net sales.

The return on net assets was 27.8% (19.4), and 31.0% (26.2), excluding items affecting comparability.

Net borrowings

Net borrowings amounted to SEK –709m (665). The net debt/equity ratio was –0.03 (0.04). The equity/assets ratio was 33.9% (31.8).

During 2010, SEK 1,039m of the long-term borrowings matured and SEK 380m of new long-term borrowings were raised. Long-term borrowings as of December 31, 2010, including long-term borrowings with maturities within 12 months, amounted to SEK 9,590m with average maturities of 3.3 years, compared to SEK 11,153m and 3.9 years by the end of 2009. A significant portion of long-term borrowings is raised in the Euro and Swedish bond markets.

During 2011 and 2012, long-term borrowings in the amount of approximately SEK 3,300m will mature. Liquid funds as of December 31, 2010, amounted to SEK 12,805m (13,357), excluding short-term back-up facilities.

Since 2005, Electrolux has an unused revolving credit facility of EUR 500m maturing 2012 and since 2010, an additional unused committed credit facility of SEK 3,400m maturing 2017.

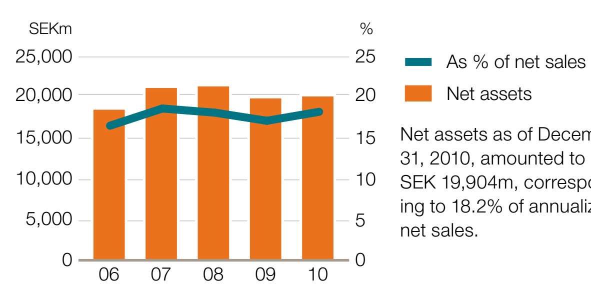
Net borrowings

SEKm	Dec. 31, **2010**	Dec. 31, 2009
Borrowings	12,096	14,022
Liquid funds	12,805	13,357
Net borrowings	**–709**	**665**
Net debt/equity ratio	–0.03	0.04
Equity	**20,613**	**18,841**
Equity per share, SEK	72.41	66.24
Return on equity, %	20.6	14.9
Return on equity, excluding items affecting comparability, %	24.4	22.0
Equity/assets ratio, %	33.9	31.8

Change in net assets

SEKm	Net assets
January 1, 2010	**19,506**
Change in restructuring provisions	–362
Write-down of assets	–275
Changes in exchange rates	–940
Capital expenditure	3,221
Depreciation	–3,328
Other changes in fixed assets and working capital, etc.	2,082
December 31, 2010	**19,904**

Net assets



Net assets as of December 31, 2010, amounted to SEK 19,904m, corresponding to 18.2% of annualized net sales.

Consolidated balance sheet

SEKm	Note	December 31, **2010**	December 31, 2009
ASSETS			
Non-current assets			
Property, plant and equipment	12	14,630	15,315
Goodwill	13	2,295	2,274
Other intangible assets	13	3,276	2,999
Investments in associates	29	17	19
Deferred tax assets	10	2,981	2,693
Financial assets	18	577	434
Other non-current assets	14	2,836	1,745
Total non-current assets		**26,612**	**25,479**
Current assets			
Inventories	15	11,130	10,050
Trade receivables	17,18	19,346	20,173
Tax assets		367	1,103
Derivatives	18	386	377
Other current assets	16	3,569	2,947
Short-term investments	18	1,722	3,030
Cash and cash equivalents	18	10,389	9,537
Total current assets		**46,909**	**47,217**
Total assets		**73,521**	**72,696**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	1,545	1,545
Other paid-in capital	20	2,905	2,905
Other reserves	20	636	1,814
Retained earnings	20	15,527	12,577
		20,613	**18,841**
Non-controlling interests		—	—
Total equity		**20,613**	**18,841**
Non-current liabilities			
Long-term borrowings	18	8,413	10,241
Deferred tax liabilities	10	806	819
Provisions for post-employment benefits	22	2,486	2,168
Other provisions	23	5,306	5,449
Total non-current liabilities		**17,011**	**18,677**
Current liabilities			
Accounts payable	18	17,283	16,031
Tax liabilities		1,868	2,367
Other liabilities	24	10,907	11,235
Short-term borrowings	18	3,139	3,364
Derivatives	18	483	351
Other provisions	23	2,217	1,830
Total current liabilities		**35,897**	**35,178**
Total liabilities		**52,908**	**53,855**
Total equity and liabilities		**73,521**	**72,696**
Pledged assets	19	**70**	**107**
Contingent liabilities	25	**1,062**	**1,185**

The Group's goal for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities, and an average interest-fixing period of one year. At year-end, the average interest-fixing period for long-term borrowings was 0.9 year (1.0).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 3.2% (2.6).

Liquid funds

Liquid funds at year-end amounted to SEK 12,805m (13,357). Liquid funds corresponded to 18.9% (16.2) of annualized net sales. Since 2005, Electrolux has an unused revolving credit facility of EUR 500m maturing 2012 and since 2010, an additional unused committed credit facility of SEK 3,400m maturing 2017.

Liquidity profile

SEKm	Dec. 31, **2010**	Dec. 31, 2009
Liquid funds	12,805	13,357
% of annualized net sales[1]	18.9	16.2
Net liquidity	9,122	9,576
Fixed interest term, days	34	100
Effective annual yield, %	2.8	2.1

1) Liquid funds plus an unused revolving credit facility of EUR 500m and a committed credit facility of SEK 3,400m devided by annualized net sales.

For additional information on the liquidity profile, see Note 18 on page 51.

Rating

Electrolux has investment-grade ratings from Standard & Poor's. In 2010, the investment-grade rating for the long-term debt was upgraded from BBB to BBB+.

Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
Standard & Poor's	BBB+	Stable	A-2	K-1

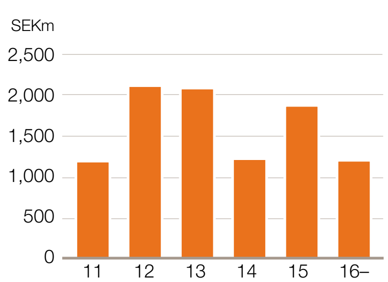
Net debt/equity and equity/assets ratio

The net debt/equity ratio was –0.03 (0.04). The equity/assets ratio increased to 33.9% (31.8).

Equity and return on equity

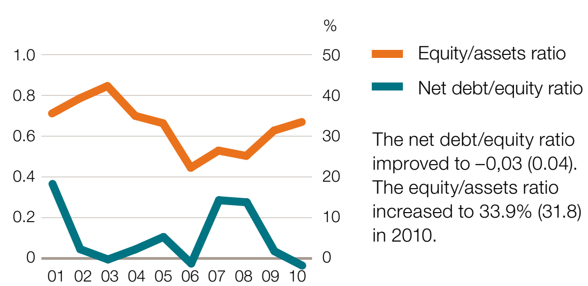
Total equity as of December 31, 2010, amounted to SEK 20,613m (18,841), which corresponds to SEK 72.41 (66.24) per share. Return on equity was 20.6% (14.9). Excluding items affecting comparability, return on equity was 24.4% (22.0).

Long-term borrowings, by maturity



In 2011 and 2012, long-term borrowings in the amount of approx. SEK 3,300m will mature. For information on borrowings, see Note 18 on page 51.

Net debt/equity ratio and equity/assets ratio



The net debt/equity ratio improved to –0,03 (0.04). The equity/assets ratio increased to 33.9% (31.8) in 2010.

Change in consolidated equity

SEKm	Attributable to equity holders of the Parent Company						
	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance, January 1, 2009	**1,545**	**2,905**	**2,052**	**9,883**	**16,385**	**—**	**16,385**
Income for the period	**—**	**—**	**—**	**2,607**	**2,607**	**—**	**2,607**
Available for sale instruments	—	—	138	—	138	—	138
Cash flow hedges	—	—	–112	—	–112	—	–112
Exchange differences on translation of foreign operations	—	—	–264	—	–264	—	–264
Income tax relating to other comprehensive income	—	—	—	—	—	—	—
Other comprehensive income, net of tax	**—**	**—**	**–238**	**—**	**–238**	**—**	**–238**
Total comprehensive income for the period	**—**	**—**	**–238**	**2,607**	**2,369**	**—**	**2,369**
Share-based payment	—	—	—	18	18	—	18
Sale of shares	—	—	—	69	69	—	69
Total transactions with equity holders	**—**	**—**	**—**	**87**	**87**	**—**	**87**
Closing balance, December 31, 2009	**1,545**	**2,905**	**1,814**	**12,577**	**18,841**	**—**	**18,841**
Income for the period	**—**	**—**	**—**	**3,997**	**3,997**	**—**	**3,997**
Available for sale instruments	—	—	77	—	77	—	77
Cash flow hedges	—	—	–117	—	–117	—	–117
Exchange differences on translation of foreign operations	—	—	–1,108	—	–1,108	—	–1,108
Income tax relating to other comprehensive income	—	—	–30	—	–30	—	–30
Other comprehensive income, net of tax	**—**	**—**	**–1,178**	**—**	**–1,178**	**—**	**–1,178**
Total comprehensive income for the period	**—**	**—**	**–1,178**	**3,997**	**2,819**	**—**	**2,819**
Share-based payment	—	—	—	73	73	—	73
Sale of shares	—	—	—	18	18	—	18
Dividend SEK 4.00 per share	—	—	—	–1,138	–1,138	—	–1,138
Total transactions with equity holders	**—**	**—**	**—**	**–1,047**	**–1,047**	**—**	**–1,047**
Closing balance, December 31, 2010	**1,545**	**2,905**	**636**	**15,527**	**20,613**	**—**	**20,613**

For additional information on share capital, number of shares and earnings per share, see Note 20 on page 58.
For information on the balance of each item of other comprehensive income within other reserves, see Note 11 on page 47.

Cash flow

Operating cash flow

Cash flow from operations and investments in 2010 amounted to SEK 3,206m (5,330). Compared to the previous year, cash flow for 2010 reflects a more normal cash-flow pattern with increased production, build-up of inventories and investments in new products and new capacity. Cash flow in the previous year reflected a more restrained situation with cutbacks of production and inventory levels after a long period of very weak markets.

In addition, compared to the previous year, higher capital expenditure has adversely affected cash flow. Capital expenditure during 2010 increased from a low level in the previous year.

In the fourth quarter of 2009, SEK 3,935m was paid to the Group's pension funds. The payments have reduced the Group's pension net debt, limited risk exposure and volatility in pension liabilities.

Outlays for the ongoing restructuring and cost-cutting programs amounted to approximately SEK 770m in 2010.

Capital expenditure, by business area

SEKm	**2010**	2009
Consumer Durables		
Europe, Middle East and Africa	1,454	1,187
% of net sales	3.6	2.8
North America	742	470
% of net sales	2.2	1.3
Latin America	661	311
% of net sales	3.8	2.2
Asia/Pacific	208	131
% of net sales	2.4	1.3
Professional Products	96	107
% of net sales	1.5	1.5
Other	60	17
Total	**3,221**	**2,223**
% of net sales	3.0	2.0

- Solid cash flow, generated by operating income.
- Inreased investments in new products.
- Capital expenditure increased to SEK 3,221m, as against SEK 2,223m in 2009.
- R&D costs increased to 1.9% (1.8) of net sales.

Capital expenditure

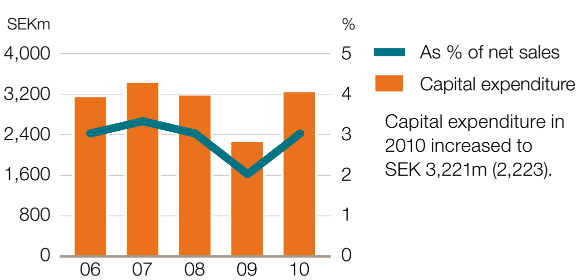
Capital expenditure in property, plant and equipment in 2010 increased to SEK 3,221m (2,223). Capital expenditure corresponded to 3.0% (2.0) of net sales. Investments during 2010 referred mainly to investments for new products in Europe and North America, reinvestment and capacity expansions within manufacturing in Brazil.

Costs for R&D

Costs for research and development in 2010, including capitalization of SEK 396m (370), amounted to SEK 1,993m (1,991), corresponding to 1.9% (1.8) of net sales. R&D projects during the year mainly referred to development of new products and design projects within appliances in Europe, North America and Latin America as well as within floor-care operations.

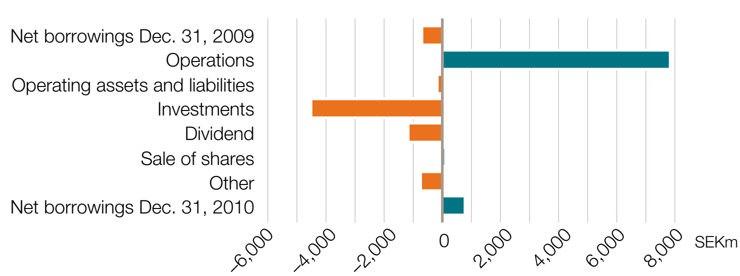
For definitions, see Note 30 on page 73.

Capital expenditure



Capital expenditure in 2010 increased to SEK 3,221m (2,223).

Cash flow and change in net borrowings



Consolidated cash flow statement

SEKm	Note	2010	2009
Operations			
Operating income		5,430	3,761
Depreciation and amortization		3,328	3,442
Capital gain/loss included in operating income		4	—
Restructuring provisions		294	434
Share-based compensation		73	18
Financial items paid, net		–72	–348
Taxes paid		–1,316	–929
Cash flow from operations, excluding change in operating assets and liabilities		**7,741**	**6,378**
Change in operating assets and liabilities			
Change in inventories		–1,755	2,276
Change in trade receivables		–216	1,209
Change in other current assets		–977	487
Change in accounts payable		2,624	628
Extra contributions to pension funds		—	–3,935
Change in operating liabilities and provisions		263	1,254
Cash flow from change in operating assets and liabilities		**–61**	**1,919**
Cash flow from operations		**7,680**	**8,297**
Investments			
Divestment of operations	26	7	4
Capital expenditure in property, plant and equipment	12	–3,221	–2,223
Capitalization of product development	13	–396	–370
Other		–864	–378
Cash flow from investments		**–4,474**	**–2,967**
Cash flow from operations and investments		**3,206**	**5,330**
Financing			
Change in short-term investments		1,306	–2,734
Change in short-term borrowings		–1,768	–1,131
New long-term borrowings	18	380	1,639
Amortization of long-term borrowings	18	–1,039	–1,040
Dividend		–1,138	—
Sale of shares		18	69
Cash flow from financing		**–2,241**	**–3,197**
Total cash flow		**965**	**2,133**
Cash and cash equivalents at beginning of period		**9,537**	**7,305**
Exchange-rate differences referring to cash and cash equivalents		–113	99
Cash and cash equivalents at end of period		**10,389**	**9,537**

Share capital and ownership

Share capital and ownership structure

As of February 1, 2011, the share capital of AB Electrolux amounted to SEK 1,545m, corresponding to 308,920,308 shares. The share capital of Electrolux consists of A-shares and B-shares. An A-share entitles the holder to one vote and a B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. In accordance with the Swedish Companies Act, the Articles of Association of Electrolux also provide for specific rights of priority for holders of different types of shares, in the event that the company issues new shares or certain other instruments.

According to Electrolux Articles of Association, owners of A-shares have the right to have such shares converted to B-shares. The purpose of the conversion clause is to give holders of A-shares an opportunity to achieve improved liquidity in their shareholdings. Conversion reduces the total number of votes in the company. In 2010, at the request of shareholders, 439,150 A-shares were converted to B-shares. The total number of votes thereafter amounts to 39,048,843 and the total number of shares to 308,920,308 shares, of which 9,063,125 are A-shares and 299,857,183 are B-shares.

According to the register of Euroclear Sweden, there were approximately 57,200 shareholders in AB Electrolux as of December 31, 2010. Investor AB is the largest shareholder, owning 13.6% of the share capital and 29.9% of the voting rights. Information on the shareholder structure is updated quarterly at www.electrolux.com.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	13.6	29.9
Alecta Pension Insurance	8.4	7.8
Black Rock Funds	5.5	4.3
AMF Insurance & Funds	4.6	3.7
Swedbank Robur Funds	3.7	3.0
First Swedish National Pension Fund	2.2	1.8
Nordea Funds	1.9	1.5
SEB Funds	1.8	1.4
Second Swedish National Pension Fund	1.4	1.1
SHB Funds	1.4	1.1
Total, ten largest shareholders	**44.5**	**55.6**
Board of Directors and Group Management, collectively	0.06	0.05

Source: SIS Ägarservice as of December 31, 2010, and Electrolux.

One of the Group's pension funds owned 450,000 B-shares in AB Electrolux as of February 1, 2011.

Electrolux delisted from the London Stock Exchange

Electrolux was delisted from the London Stock Exchange (LSE) in March 2010. The Electrolux B-share has been listed on the LSE since 1928.

The LSE listing has been a part of a strategy to increase international ownership in Electrolux. However, this listing has no longer been deemed necessary due to the deregulation of international capital markets and the increased foreign ownership of shares on the Nasdaq OMX Stockholm. In recent years, trading of Electrolux shares on the LSE has been limited.

Following the delisting, all trading in Electrolux shares is concentrated to Nasdaq OMX Nordic Market in Stockholm.

In recent years, Electrolux has also exited its other international listings, including those of Paris, Zurich and Geneva as well as New York's Nasdaq.

Articles of Association

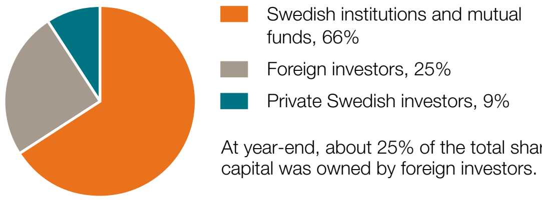
AB Electrolux Articles of Association stipulate that the Annual General Meeting (AGM) shall always resolve on the appointment of the members of the Board of Directors. Apart from that, the articles do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles.

A shareholder participating in the AGM is entitled to vote for the full number of shares which he or she owns or represents. Outstanding shares in the company may be freely transferred, without restrictions under law or the company's Articles of Association. Electrolux is not aware of any agreements between shareholders, which limit the right to transfer shares. The full Articles of Association can be downloaded at www.electrolux.com.

Effect of significant changes in ownership structure on long-term financing

The Group's long-term financing is subject to conditions which stipulate that a lender may request advance repayment in the event of significant changes in the ownership of the company. Such significant change could result from a public bid to acquire Electrolux shares.

Ownership structure



At year-end, about 25% of the total share capital was owned by foreign investors.

Source: SIS Ägarservice as of December 31, 2010.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1–1,000	4.3	50,046	87.6
1,001–10,000	5.4	6,190	10.8
10,001–20,000	1.4	303	0.5
20,001–	88.9	621	1.1
Total	**100**	**57,160**	**100**

Source: SIS Ägarservice as of December 31, 2010.

Distribution of funds to shareholders

Proposed dividend

The Board of Directors proposes a dividend for 2010 of SEK 6.50 (4.00) per share, for a total dividend payment of approximately SEK 1,850m (1,138), corresponding to an increase of approximately 60%. The proposed dividend corresponds to approximately 40% of income for the period, excluding items affecting comparability. Tuesday, April 5, 2011, is proposed as record date for the dividend.

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

Aquisition of own shares

Electrolux has previously, on the basis of authorizations by the Annual General Meetings, acquired own shares. The purpose of the repurchase programs has been to adapt the Group's capital structure, thus contributing to increased shareholder value and to use these shares to finance potential company acquisitions and as a hedge for the company's share related incentive programs.

In accordance with the proposal by the Board of Directors, the AGM 2010 decided to authorize the Board for the period until the 2011 Annual General Meeting to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many B-shares that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

Proposal for a renewed mandate on acquisition of own shares

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

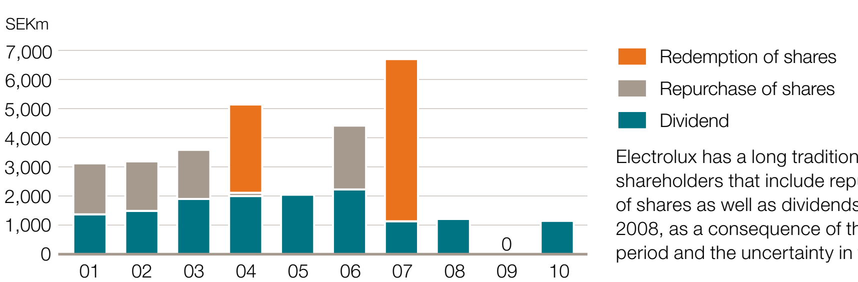
The Board of Directors proposes that the Annual General Meeting 2011 resolves on a renewed mandate to repurchase own shares equivalent to the previous mandate.

As of February 1, 2011, Electrolux holds 24,255,085 B-shares in Electrolux, corresponding to 7.9% of the total number of shares in the company.

Number of shares

	Outstanding A-shares	Outstanding B-shares	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2010	**9,502,275**	**299,418,033**	**24,498,841**	**284,421,467**
Shares sold under the terms of the employee stock option programs	—	—	–243,756	243,756
Shares alloted under the Performance Share Program	—	—	—	—
Conversion of A-shares into B-shares	**–439,150**	**439,150**	—	—
Total number of shares as of December 31, 2010	**9,063,125**	**299,857,183**	**24,255,085**	**284,665,223**
As % of total number of shares			**7.9**	

Total distribution to shareholders



Electrolux has a long tradition of high total distribution to shareholders that include repurchases and redemptions of shares as well as dividends. No dividend was paid for 2008, as a consequence of the low income for the period and the uncertainty in the market in 2009.

Risks and uncertainty factors

The turbulence in financial markets and the downturn in the business cycle during 2008 and 2009 have emphasized the importance of limiting and controlling risks. In 2010, the situation stabilized, but there are still great uncertainties in several of the Group's markets.

Risks in connection with the Group's operations can, in general, be divided into operational risks related to business operations and those related to financial operations. Operational risks are normally managed by the operative units within the Group, and financial risks by the Group's treasury department.

Risks and uncertainty factors

Electrolux operates in competitive markets, most of which are relatively mature. Demand for appliances varies with general business conditions, and price competition is strong in a number of product categories. Electrolux ability to increase profitability and shareholder value is largely dependent on its success in developing innovative products and maintaining cost-efficient production. Major factors for maintaining and increasing competitiveness include managing fluctuations in prices for raw materials and components as well as implementing restructuring. In addition to these operative risks, the Group is exposed to risks related to financial operations, e.g., interest risks, financing risks, currency risks and credit risks. The Group's development is strongly affected by external factors, of which the most important in terms of managing risks currently include:

Variations in demand

Demand for appliances is affected by the general business cycle. A deterioration in these conditions may lead to lower sales volumes as well as a shift of demand to low-price products, which generally have lower margins. Utilization of production capacity may also decline in the short term. The global economic trend is an uncertainty factor in terms of the development in the future.

Price competition

A number of the markets in which Electrolux operates features strong price competition. The Group's strategy is based on innovative products and brand-building, and is aimed, among other things, at minimizing and offsetting price competition for its products. A continued downturn in market conditions involves a risk of increasing price competition.

Changes in prices for raw materials and components

The raw materials to which the Group is mainly exposed comprise steel, plastics, copper and aluminum. Bilateral agreements are used to manage price risks. To some extent, raw materials are purchased at spot prices. There is considerable uncertainty regarding trends for the prices of raw materials.

Access to financing

The Group's loan-maturity profile for 2011 and 2012 represents maturities of approximately SEK 3,300m in long-term borrowings.

Since 2005, Electrolux has an unused revolving credit facility of EUR 500m maturing 2012 and since 2010, an additional unused committed credit facility of SEK 3,400m maturing 2017.

Risks, risk management and risk exposure are described in more detail in:

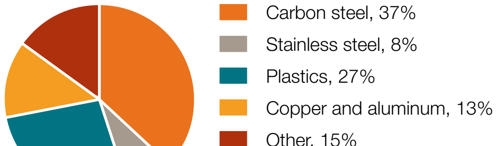
- Note 1 Accounting principles on page 32.
- Note 2 Financial risk management on page 40.
- Note 18 Financial instruments on page 51.

Sensitivity analysis

Risk	Change		Pre-tax earings impact, SEKm
Raw materials			
Steel	10%	+/–	900
Plastics	10%	+/–	500
Currencies[1] and interest rates			
USD/SEK	–10%	+	601
EUR/SEK	–10%	+	319
BRL/SEK	–10%	–	314
AUD/SEK	–10%	–	273
GBP/SEK	–10%	–	202
Interest rate	1 percentage point	+/–	60

1) Includes translation and transaction effects.

Raw-materials exposure



In 2010, Electrolux purchased raw materials for approximately SEK 20 billion. Purchases of steel accounted for the largest cost.

Employees

People Vision

The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive changes and go beyond in delivering on the Group's strategy and performance objectives. The Electrolux culture features diversity and innovation. Development of innovative products is a vital part of it. Diversity is a prerequisite for Electrolux ability to compete in a global market. Personnel with diverse backgrounds create greater understanding of consumer needs in different countries.

Electrolux has a number of tools that contribute to the realization of the People Vision, including leadership development programs at all levels of management, the Talent Management program, succession planning, the internal Open Labor Market (OLM), and the web-based Employee Engagement Survey (EES).

Code of Conduct

The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business sectors. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance.

Number of employees

The average number of employees increased in 2010 to 51,544 (50,633), of whom 2,296 (2,445) were in Sweden. The increase refers mainly to growth in Brazil. At year-end, the total number of employees was 50,920 (51,750).

Salaries and remuneration in 2010 amounted to SEK 12,678m (13,162), of which SEK 1,053m (973) refers to Sweden.

Proposal for remuneration guidelines for Group Management

The Board of Directors will propose the following guidelines for remuneration and other terms of employment for the President and CEO and other members of Group Management of Electrolux to the Annual General Meeting (AGM) 2011. The proposed guidelines for 2011 are essentially in accordance with the guidelines which were approved by the AGM in 2010.

The principles shall be applied for employment agreements entered into after the AGM in 2011 and for changes made to existing employment agreements thereafter.

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

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

For a detailed description on remuneration to Group Management and related costs, see Note 27 on page 65.

Fixed compensation

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

Variable compensation

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

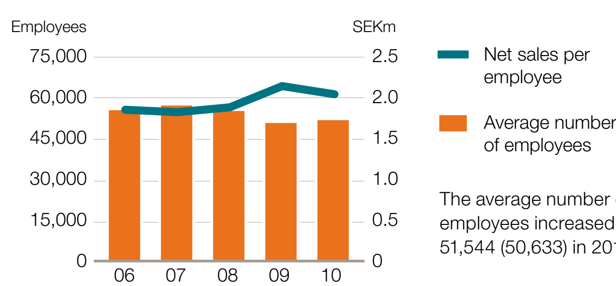
The targets shall principally relate to financial performance, for shorter (up to 1 year) or longer (3 years or longer) periods.

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

Number of employees

Average number of employees in 2009	**50,633**
Number of employees in divested operations	–139
Restructuring programs	–3,589
Other changes	4,639
Average number of employees in 2010	**51,544**

Employees



The average number of employees increased to 51,544 (50,633) in 2010.

Short Term Incentive (STI)

Group Management members shall participate in a STI plan under which they may receive variable compensation. The main objectives in the STI shall be on financial targets. These shall be set based on annual financial performance of the Group and, for the sector heads, of the sector for which the Group Management member is responsible.

The maximum STI entitlements shall be dependent on job size and may amount up to a maximum of 100% of ABS. This also applies for the President and CEO. Reflecting market norms, the STI entitlement for the Group Management members in the USA may amount up to a maximum of 150% of ABS if the maximum performance level is reached. At mid-point they may be entitled to payment up to a maximum of 100% of ABS.

Long Term Incentive (LTI)

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. Long-term incentive programs shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux.

For a detailed description of all programs and related costs, see Note 27 on page 65.

Proposal for performance-based long-term share program 2011

The Board of Directors will present a proposal to the AGM in 2011 for a performance-based long-term share program in 2011. The proposed program will include performance targets for average annual growth in earnings per share (EPS). The proposed program will include approximately 170 senior managers and key employees, making participation conditional upon the saving of money in 2011 by the participants to acquire Electrolux B-shares. In addition to providing performance-based shares, the 2011 program will also provide free matching shares, provided the participant is still employed on the last day of the performance period and also still has full ownership of the shares acquired in connection with the participation. For each share owned, the participant will receive one free share in 2014.

Details of the program will be included in the information for the AGM 2011.

Extraordinary arrangements

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

Insurable benefits

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

Other benefits

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

Notice of termination and severance pay

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

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

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

Deviations from the guidelines

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

Other facts

Changes in Group Management
In a move to accelerate implementation of the Group's strategy based on innovative products, investments in the Electrolux brand and a competitive cost position, new appointments were announced within Group Management as of Februari 1. These three new appointments will enable the Group to increase the speed of product innovation and to continue to leverage its shared global strength.

Jonas Samuelson is appointed Chief Operations Officer and Head of Global Operations Major Appliances
In addition to his current responsibilities as Chief Financial Officer, Jonas Samuelson succeeds Keith McLoughlin in his former role as Chief Operations Officer and Head of Global Operations Major Appliances.

Jan Brockmann is appointed Chief Technology Officer
Jan Brockmann is appointed Chief Technology Officer with global responsibility for technology development in the Group. Jan Brockmann is reporting to the President and CEO and is a member of Group Management. He joined Electrolux in March 2010. Jan Brockmann comes from the Volkswagen Group.

MaryKay Kopf is appointed Chief Marketing Officer
MaryKay Kopf, who is currently responsible for marketing at Electrolux Major Appliances North America, will in her role as Chief Marketing Officer be responsible for brand management, marketing and design for the Group. MaryKay Kopf will report to the President and CEO and be a member of Group Management. She joined Electrolux in 2003.

President and CEO Hans Stråberg has left Electrolux and was succeeded by Keith McLoughlin
In September 2010, Hans Stråberg notified the Board that he wished to leave Electrolux after 27 years with the company and nine years as President and CEO. He left Electrolux as of December 31, 2010, and at the same time he resigned as board member.

Keith McLoughlin succeeded Hans Stråberg. Keith McLoughlin was Chief Operations Officer, globally responsible for R&D, Manufacturing and Purchasing for Electrolux Major Appliances. Previously, he has been head of Major Appliances North America. He joined Electrolux in 2003.

Henrik Bergström new head of Floor Care and Small Appliances
Henrik Bergström was appointed Executive Vice President and head of Floor Care and Small Appliances in August, 2010. He succeeded Morten Falkenberg. Henrik Bergström has held various management positions within Electrolux Major Appliances North America and Latin America. He has been with Electrolux since 1997.

Global initiatives
As previously announced in connection with the Group's Capital Markets Day in November 2010, Electrolux will through global initiatives further reduce costs by capitalizing on its shared global strength and scope. This will be accomplished by unlocking synergies, increasing modularization and optimizing global purchasing. The initiatives are expected to generate annual cost savings of approximately SEK 2.0–2.5 billion with full effect as of 2015 and will contribute to maintaining the competitiveness of Electrolux. Costs for the global initiatives are estimated at approximately SEK 500m per year for 2011 and 2012.

Asbestos litigation in the US
Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2010, the Group had a total of 2,800 (2,818) cases pending, representing approximately 3,050 (approximately 3,120) plaintiffs. During 2010, 842 new cases with 842 plaintiffs were filed and 860 pending cases with approximately 915 plaintiffs were resolved.

The Group reached an agreement in 2007 with many of the insurance carriers that issued general liability insurance to certain predecessors of the Group who manufactured industrial products, some of which are alleged to have contained asbestos. Under this agreement, the insurance carriers have agreed to reimburse the Group for a portion of the past and future costs incurred in connection with asbestos-related lawsuits for such products. The term of the agreement is indefinite but subject to termination upon 60 days notice. If terminated, all parties would be restored to all of their rights and obligations under the affected insurance policies.

Additional lawsuits may be filed against Electrolux in the future. It is not possible to predict either the number of future claims or the number of plaintiffs that any future claims may represent. In addition, the outcome of asbestos claims is inherently uncertain and always difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of claims will not have a material adverse effect on its business or on results of operations in the future.

Environmental activities

At the end of 2010, Electrolux operated 49 manufacturing facilities in 16 countries. Manufacturing comprises mainly assembly of components made by suppliers. Other processes include metalworking, molding of plastics, painting and enameling.

Chemicals such as lubricants and cleaning fluids are used as process aids. Chemicals used in Group products include insulation materials, paint and enamel. Production processes generate an environmental impact through the use of energy and water, as well as water- and airborne emissions, waste and noise.

Studies of the total environmental impact of the Group's products during their entire lifetime, i.e., from production and use to recycling, indicate that the greatest environmental impact is generated when the products are used. The Electrolux strategy is to develop and actively promote increased sales of products with lower environmental impact.

Mandatory permits and notification in Sweden and elsewhere

Electrolux operates four plants in Sweden. Permits are required by authorities for all of these plants, which account for approximately 3% of the total value of the Group's production. Three of these plants are required to submit notification. The permits cover, e.g., thresholds or maximum permissible values for air- and waterborne emissions and noise. No significant non-compliance with Swedish environmental legislation was reported in 2010.

Manufacturing units in other countries adjust their operations, apply for necessary permits and report to the authorities in accordance with local legislation. The Group follows a precautionary principle with reference to both acquisitions of new plants and continuous operations. Potential non-compliance, disputes or items that pose a material financial risk are reported to Group level in accordance with Group policy. No such significant item was reported in 2010.

Electrolux products are affected by legislation in various markets, principally involving energy consumption, producer responsibility for recycling, and restriction and management of hazardous substances. Electrolux continuously monitors changes in legislation, and both product development and manufacturing are adjusted to reflect these changes.

Parent Company income statement

Income statement

SEKm	Note	2010	2009
Net sales		**5,989**	**5,928**
Cost of goods sold		–4,506	–4,368
Gross operating income		**1,483**	**1,560**
Selling expenses		–923	–865
Administrative expenses		–620	–367
Other operating income	5	379	160
Other operating expenses	6	–106	–1,083
Operating income		**213**	**–595**
Financial income	9	3,251	3,989
Financial expenses	9	–29	–233
Financial items, net		**3,222**	**3,756**
Income after financial items		**3,435**	**3,161**
Appropriations	21	55	20
Income before taxes		**3,490**	**3,181**
Taxes	10	–283	174
Income for the period		**3,207**	**3,355**

Total comprehensive income for the period

SEKm	Note	2010	2009
Income for the period		**3,207**	**3,355**
Other comprehensive income			
Available for sale instruments		77	138
Cash flow hedges		–7	–14
Group contributions		198	45
Change in revaluation fund		—	–2
Income tax relating to other comprehensive income		–45	–12
Other comprehensive income, net of tax		**223**	**155**
Total comprehensive income for the period		**3,430**	**3,510**

The Parent Company comprises the functions of the Group's head office, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company in 2010 amounted to SEK 5,989m (5,928), of which SEK 3,396m (3,243) related to sales to Group companies and SEK 2,593m (2,685) to external customers. The majority of the Parent Company's sales were made within Europe. After appropriations of SEK 55m (20) and taxes of SEK –283m (174), income for the period amounted to SEK 3,207m (3,355).

Non-restricted equity in the Parent Company at year-end amounted to SEK 15,089m.

Net financial exchange-rate differences during the year amounted to SEK 497m (455).

These differences in Group income do not normally generate any effect, as exchange-rate differences are offset against translation differences, i.e., the change in other comprehensive income arising from the translation of net assets in foreign subsidiaries to SEK at year-end rates.

Group contributions in 2010 amounted to SEK 198m (45). Group contributions net of taxes amounted to SEK 146m (33) and are reported in other comprehensive income. Income tax related to group contributions reported in other comprehensive income amounted to SEK –52m (–12). Income tax related to cash flow hedges reported in other comprehensive income amounted to SEK 7m (0).

For information on the number of employees as well as salaries and remuneration, see Note 27 on page 65. For information on shareholdings and participations, see Note 29 on page 71.

Parent Company balance sheet

SEKm	Note	December 31, 2010	December 31, 2009
ASSETS			
Non-current assets			
Intangible assets	13	1,630	1,363
Property, plant and equipment	12	262	278
Deferred tax assets		3	167
Financial assets	14	26,622	25,093
Total non-current assets		**28,517**	**26,901**
Current assets			
Inventories	15	140	102
Receivables from subsidiaries		11,378	12,004
Trade receivables		404	319
Derivatives with subsidiaries		1,059	801
Derivatives		386	376
Other receivables		226	86
Prepaid expenses and accrued income		87	113
Short-term investments		998	2,934
Cash and bank		5,266	3,869
Total current assets		**19,944**	**20,604**
Total assets		**48,461**	**47,505**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	1,545	1,545
Statutory reserve		3,017	3,017
		4,562	**4,562**
Non-restricted equity			
Retained earnings		11,882	9,339
Income for the period		3,207	3,355
		15,089	**12,694**
Total equity		**19,651**	**17,256**
Untaxed reserves	21	**629**	**684**
Provisions			
Provisions for pensions and similar commitments	22	370	374
Other provisions	23	246	210
Total provisions		**616**	**584**
Non-current liabilities			
Bond loans		4,686	5,803
Other non-current loans		3,150	3,709
Total non-current liabilities		**7,836**	**9,512**
Current liabilities			
Payable to subsidiaries		16,044	16,328
Accounts payable		502	321
Tax liabilities		160	—
Other liabilities		79	75
Short-term borrowings		960	926
Derivatives with subsidiaries		444	535
Derivatives		458	341
Accrued expenses and prepaid income	24	1,082	943
Total current liabilities		**19,729**	**19,469**
Total liabilities and provisions		**28,181**	**29,565**
Total liabilities, provisions and equity		**48,461**	**47,505**
Pledged assets	19	**5**	**4**
Contingent liabilities	25	**1,608**	**1,818**

Parent Company change in equity

	Restricted equity		Non-restricted equity		
SEKm	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total equity
Opening balance, January 1, 2009	**1,545**	**3,017**	**–104**	**9,214**	**13,672**
Income for the period	**—**	**—**	**—**	**3,355**	**3,355**
Available for sale instruments	—	—	138	—	138
Change in revaluation fund	—	—	—	–2	–2
Cash flow hedges	—	—	–14	—	–14
Group contributions	—	—	—	45	45
Income tax relating to other comprehensive income	—	—	—	–12	–12
Other comprehensive income, net of tax	**—**	**—**	**124**	**31**	**155**
Total comprehensive income for the period	**—**	**—**	**124**	**3,386**	**3,510**
Share-based payment	—	—	—	5	5
Sale of shares	—	—	—	**69**	**69**
Total transactions with equity holders	**—**	**—**	**—**	**74**	**74**
Closing balance, December 31, 2009	**1,545**	**3,017**	**20**	**12,674**	**17,256**
Income for the period	**—**	**—**	**—**	**3,207**	**3,207**
Available for sale instruments	—	—	77	—	77
Cash flow hedges	—	—	–7	—	–7
Group contributions	—	—	—	198	198
Income tax relating to other comprehensive income	—	—	7	–52	–45
Other comprehensive income, net of tax	**—**	**—**	**77**	**146**	**223**
Total comprehensive income for the period	**—**	**—**	**77**	**3,353**	**3,430**
Share-based payment	—	—	—	85	85
Sale of shares	—	—	—	18	18
Dividend SEK 4.00 per share	—	—	—	–1,138	–1,138
Total transactions with equity holders	**—**	**—**	**—**	**–1,035**	**–1,035**
Closing balance, December 31, 2010	**1,545**	**3,017**	**97**	**14,992**	**19,651**

Parent Company cash flow statement

SEKm	2010	2009
Operations		
Income after financial items	3,435	3,161
Depreciation and amortization	255	222
Capital gain/loss included in operating income	66	926
Taxes paid	–5	–4
Cash flow from operations, excluding change in operating assets and liabilities	**3,751**	**4,305**
Change in operating assets and liabilities		
Change in inventories	–38	135
Change in trade receivables	–85	52
Change in current intra-group balances	1,059	386
Change in other current assets	–124	991
Change in other current liabilities and provisions	473	–237
Cash flow from operating assets and liabilities	**1,285**	**1,327**
Cash flow from operations	**5,036**	**5,632**
Investments		
Change in shares and participations	–1,441	–1,037
Capital expenditure in intangible assets	–448	–394
Capital expenditure in property, plant and equipment	–114	–21
Other	–21	201
Cash flow from investments	**–2,024**	**–1,251**
Total cash flow from operations and investments	**3,012**	**4,381**
Financing		
Change in short-term investments	1,936	–2,718
Change in short-term borrowings	–628	123
Change in intra-group borrowings	–868	–2,110
New long-term borrowings	—	1,531
Amortization of long-term borrowings	–1,014	–1,441
Dividend	–1,138	—
Sale of shares	97	58
Cash flow from financing	**–1,615**	**–4,557**
Total cash flow	**1,397**	**–176**
Liquid funds at beginning of year	**3,869**	**4,045**
Liquid funds at year-end	**5,266**	**3,869**

Notes

Notes

NOTE 1 Accounting and valuation principles

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. Some additional information is disclosed based on the standard RFR 1 from the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. As required by IAS 1, Electrolux companies apply uniform accounting rules, irrespective of national legislation, as defined in the Electrolux Accounting Manual, which is fully compliant with IFRS. The policies set out below have been consistently applied to all years presented with the exception for new accounting standards where the application follows the rules in each particular standard. For information on new standards, see the section on new or amended accounting standards on page 37.

The Parent Company applies the same accounting principles as the Group, except in the cases specified below in the section entitled "Parent Company accounting principles".

The financial statements were authorized for issue by the Board of Directors on February 1, 2011. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on Mars 31, 2011.

Principles applied for consolidation

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group, whereby the assets and liabilities and contingent liabilities assumed in a subsidiary on the date of acquisition are recognized and measured to determine the acquisition value to the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs directly attributable to the acquisition effort are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the acquired net assets exceeds the cost of the business combination, the acquirer must reassess the identification and measurement of the acquired assets. Any excess remaining after that reassessment must be recognized immediately in profit or loss.

The consolidated financial statements for the Group include the financial statements for the Parent Company and the direct and indirect-owned subsidiaries after:

- elimination of intra-group transactions, balances and unrealized intra-group profits and
- depreciation and amortization of acquired surplus values.

Definition of Group companies

The consolidated financial statements include AB Electrolux and all companies in which the Parent Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights referring to all shares and participations. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

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 when Electrolux gains control.
- Companies divested during the year have been included in the consolidated income statement up to and including the date when Electrolux loses control.

At year-end 2010, the Group comprised 230 (244) operating units, and 149 (155) companies.

Associated companies

Associates are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies have been reported according to the equity method. This means that the Group's share of income after taxes in an associated company is reported as part of the Group's income. The Group's share of its associate's post-acquisition movements in other comprehensive income is recognized in other comprehensive income. Investment in an associated company is reported initially at cost, increased, or decreased to recognize the Group's share of the profit or loss of the associated company after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Gains or losses on transactions with associated companies, if any, have been recognized to the extent of unrelated investors' interests in the associate.

Related party transactions

All transactions with related parties are carried out on an arm's-length basis.

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are valued at year-end exchange rates and the exchange-rate differences are included in income for the period, except when deferred in other comprehensive income for the effective part of qualifying net investment hedges.

The consolidated financial statements are presented in Swedish krona (SEK), which is the Parent Company's functional and presentation currency.

The balance sheets of foreign subsidiaries have been translated into SEK at year-end rates. The income statements have been translated at the average rates for the year. Translation differences thus arising have been included in other comprehensive income.

The Group uses foreign exchange derivative contracts and loans in foreign currencies in hedging certain net investments in foreign operations. The effective portion of the exchange-rate differences related to these contracts and loans have been charged to other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are transferred to income for the period as part of the gain or loss on sales.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

The Group has five reportable segments. The segments are identified from the Group's two main business areas, Consumer Durables and Professional Products. Consumer Durables is divided into four regions, which are all identified as separate reportable segments. In Professional Products there are two operating segments that are aggregated into one reportable segment in accordance with the aggregation criteria. The segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

The segments are responsible for the operating results and the net assets used in their businesses, whereas financial net and taxes as well as net borrowings and equity are not reported per segment. The operating results and net assets of the segments are consolidated using the same principles as for the total Group. The segments consist of separate legal units as well as divisions in multi-segment legal units where some allocations of costs and net assets are made. Operating costs not included in the segments are shown under Group common costs, which mainly are costs for Group functions.

Sales between segments are made on market conditions with arm's-length principles.

Revenue recognition

Sales are recorded net of value-added tax, specific sales taxes, returns, and trade discounts. Revenues arise from sales of finished products and services. Sales are recognized when the significant risks and rewards connected with ownership of the goods have been transferred to the buyer and the Group retains neither a continuing right to dispose of the goods, nor effective control of those goods and when the amount of revenue can be measured reliably. This means that sales are recorded when goods have been put at the disposal of the customers in accordance with agreed terms of delivery. Revenues from services are recorded when the service, such as installation or repair of products, has been performed. Revenues from sale of extended warranty are recognized on a linear basis over the contract period.

Items affecting comparability

This item includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including:

- Capital gains and losses from divestments of product groups or major units
- Close-down or significant down-sizing of major units or activities
- Restructuring initiatives with a set of activities aimed at reshaping a major structure or process
- Significant impairment
- Other major non-recurring costs or income

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of those assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxes are calculated using enacted or substantially enacted tax rates by the balance sheet date. Taxes incurred by the Electrolux Group are affected by appropriations and other taxable or tax-related transactions in the individual Group companies. They are also affected by utilization of tax losses carried forward referring to previous years or to acquired companies. Deferred tax assets on tax losses and temporary differences are recognized to the extent it is probable that they will be utilized in future periods. Deferred tax assets and deferred tax liabilities are shown net when they refer to the same taxation authority and when a company or a group of companies, through tax consolidation schemes, etc., have a legally enforceable right to set off tax assets against tax liabilities.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

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Cont. Note 1

Intangible fixed assets

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses.

Trademarks

Trademarks are reported at historical cost less amortization and impairment. The Electrolux trademark in North America, acquired in May 2000, is regarded as an indefinite life intangible asset and is not amortized. One of the Group's key strategies is to develop Electrolux into the leading global brand within the Group's product categories. This acquisition has given Electrolux the right to use the Electrolux brand worldwide, whereas it previously could be used only outside of North America. All other trademarks are amortized over their useful lives, estimated to 10 years, using the straight-line method.

Product development expenses

Electrolux capitalizes expenses for certain own development of new products provided that the level of certainty of their future economic benefits and useful life is high. The intangible asset is only recognized if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognized. Capitalized development costs are amortized over their useful lives, between 3 and 5 years, using the straight-line method.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over useful lives, between 3 and 5 years, using the straight-line method with the exception for the development costs of the Group's common business system, which amortization is based on the usage and go-live dates of the entities and continues over useful life. The applied principle gives an amortization period of approximately 10 years for the system.

Property, plant and equipment

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Historical cost includes expenditures that are directly attributable to the acquisition of the items including borrowing costs where applicable. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and are of material value. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item are depreciated separately. This applies mainly to components for machinery. All other repairs and maintenance are charged to the income statement during the period in which they are incurred. Land is not depreciated as it is considered to have an unlimited useful life. All other depreciation is calculated using the straight-line method and is based on the following estimated useful lives:

Buildings and land improvements	10–40 years
Machinery and technical installations	3–15 years
Other equipment	3–10 years

Impairment of non-current assets

At each balance sheet date, the Group assesses whether there is any indication that any of the company's non-current assets are impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized by the amount of which the carrying amount of an asset exceeds its recoverable amount. The discount rates used reflect the cost of capital and other financial parameters in the country or region where the asset is in use. For the purposes of assessing impairment, assets are grouped in cash-generating units, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value of goodwill and other intangible assets with indefinite life is continuously monitored, and is tested for yearly impairment or more often if there is indication that the asset might be impaired. Goodwill is allocated to the cash generating units that are expected to benefit from the combination.

Non-financial/current assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date

Classification of financial assets

The Group classifies its financial assets in the following categories:

Financial assets at fair value through profit or loss
Loans and receivables
Held-to-maturity investments
Available-for-sale financial assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. See also Note 18 on page 51 where the fair value and the carrying amount of financial assets and liabilities are listed according to classification.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held-for-trading, presented under derivatives in the balance sheet, unless they are designated as hedges. Assets in this category are classified as current assets if they either are held-for-trading or are expected to be realized within 12 months of the balance-sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance-sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. During 2010 and 2009, the Group did not hold any investments in this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets as financial assets unless management intends to dispose of the investment within 12 months of the balance-sheet date.

Recognition and measurement of financial assets

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for those carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans, receivables, and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair-value adjustments are included in income for the period as gains and losses from investment securities and reported as operating result.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash-flow analysis, and option-pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance-sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is recognized in the income for the period. Impairment losses recognized in the income statement are not reversed through the income statement.

Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. Assets under finance leases in which the Group is a lessee are recognized in the balance sheet and the future leasing payments are recognized as a borrowing. Expenses for the period correspond to depreciation of the leased asset and interest cost for the borrowing. The Group's activities as a lessor are not significant.

The Group generally owns its production facilities. The Group rents some warehouse and office premises under leasing agreements and has also leasing contracts for certain office equipment. Most leasing agreements in the Group are operational leases and the costs are recognized directly in the income statement in the corresponding period. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Leased assets are depreciated over their useful lives. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term or remaining useful life.

Inventories

Inventories and work in progress are valued at the lower of cost, at normal capacity utlization, and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale at market value. The cost of finished goods and work in progress comprises development costs, raw materials, direct labor, tooling costs, other direct costs and related production overheads. The cost of inventories is assigned by using the weighted average cost formula. The cost of inventories are recognized as expense and included in cost of goods sold. Provisions for obsolescence are included in the value for inventory.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The change in amount of the provision is recognized in the income statement in selling expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with a maturity of 3 months or less.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized, as a provision is the best estimate of the expenditure required to settle the present obligation at the balance-sheet date.

Cont. Note 1

Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products.

Restructuring provisions are recognized when the Group has both adopted a detailed formal plan for the restructuring and has, either started the plan implementation, or communicated its main features to those affected by the restructuring.

Post-employment benefits

Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

Under a defined contribution plan, the company pays fixed contributions into a separate entity and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. Contributions are expensed when they are due.

All other post-employment benefit plans are defined benefit plans. The Projected Unit Credit Method is used to measure the present value of the obligations and costs. The calculations are made annually using actuarial assumptions determined at the balance-sheet date. Changes in the present value of the obligations due to revised actuarial assumptions are treated as actuarial gains or losses and are amortized over the employees' expected average remaining working lifetime in accordance with the corridor approach. Differences between expected and actual return on plan assets are treated as actuarial gains or losses. The portion of the cumulative unrecognized gains and losses in each plan that exceeds 10% of the greater of the defined benefit obligation and the plan asset is recognized in profit and loss over the expected average remaining working lifetime of the employees participating in the plans.

Net provisions for post-employment benefits in the balance sheet represent the present value of the Group's obligations at year-end less market value of plan assets, unrecognized actuarial gains and losses and unrecognized past-service costs.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Borrowings

Borrowings are initially recognized at fair value net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest method.

Accounts payable

Accounts payable are initially recognized at fair value. After initial recognition, accounts payable are valued at amortized cost using the effective interest method.

Financial derivative instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges); hedges of highly probable forecast transactions (cash flow hedges); or hedges of net investments in foreign operations.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve are shown in other comprehensive income in the consolidated income statement.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded as financial items in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting only for hedging fixed interest risk on borrowings. The gain or loss relating to changes in the fair value of interest-rate swaps hedging fixed rate borrowings is recognized in the income statement as financial expense. Changes in the fair value of the hedged fixed rate borrowings attributable to interest-rate risk are recognized in the income statement as financial expense.

If the hedge no longer meets the criteria for hedge accounting or is de-designated, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized in the profit and loss statement as financial expense over the period of maturity.

Cash flow hedge

The effective portion of a change in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement as financial items.

Amounts previously reported in other comprehensive income are recycled in the operating income in the periods when the hedged item will affect profit or loss, for instance, when the forecast sale that is hedged takes place. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, for example inventory or a liability, the gains and losses previously reported in other comprehensive income are included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously reported in other comprehensive income is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement within financial items or as cost of goods sold depending on the purpose of the transaction.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the income statement as financial items.

Gains and losses previously reported in other comprehensive income are included in income for the period when the foreign operation is disposed of, or when a partial disposal occurs.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement as financial items or cost of goods sold depending on the purpose of the transaction.

Share-based compensation

The instruments granted for share-based compensation programs are either share options or shares, depending on the program. An estimated cost for the granted instruments, based on the instruments' fair value at grant date, and the number of instruments expected to vest is charged to the income statement over the vesting period. The fair value of share options is calculated using a valuation technique, which is consistent with generally accepted valuation methodologies for pricing financial instruments and takes into consideration factors that knowledgeable, willing market participants would consider in setting the price. The fair value of shares is the market value at grant date, adjusted for the discounted value of future dividends which employees will not receive. For Electrolux, the share-based compensation programs are classified as equity-settled transactions, and the cost of the granted instrument's fair value at grant date is recognized over the vesting period 3 years. At each balance-sheet date, the Group revises the estimates to the number of shares that are expected to vest. Electrolux recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, the Group provides for employer contributions expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued based on the fair value of the instruments at each closing date.

Government grants

Government grants relate to financial grants from governments, public authorities, and similar local, national, or international bodies. These are recognized at fair value when there is a reasonable assurance that the Group will comply with the conditions attached to them, and that the grants will be received. Government grants are included in the balance sheet as deferred income and recognized as income matching the associated costs the grant is intended to compensate.

New or amended accounting standards in 2010

The following standards or amendments issued by The International Accounting Standards Board (IASB) were applied as from January 1, 2010. None of the new standards has had a significant impact on the financial result or position.

IFRS 2 Share-Based Payment – Group Cash-settled Share-based Payment Transactions (Amendment). The amendment effects the measurement and reporting of share-based payment transactions within a group of companies. After the implementation, Electrolux will show the cost of share-based payments for employees in subsidiaries as a liability to the Parent Company. This has no effect on the Group's financial statements.

IFRS 3 Business Combinations (Revised). The amendment has an effect on how business combinations are accounted for, i.e., the accounting of transaction costs, possible contingent considerations and business combinations achieved in stages. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The amendment to the standard will not have any impact on previous business combinations.

IAS 27 Consolidated and Separate Financial Statements (Revised). The change implies, among other things, that non-controlling interests (previously named minority interests) shall always be recognized even if the non-controlling interest is negative, transactions with minority interests shall always be recorded in equity and in those cases when a partial disposal of a subsidiary results in that the entity loses control of the subsidiary, any remaining interest should be revaluated to fair value with any gain or loss recognized in the income statement. The change in the standard will influence the accounting of future transactions.

IAS 39 Financial instruments: Recognition and Measurement – Eligible Hedged Items (Amendment). The amendment clarifies how the existing principles underlying hedge accounting should be applied in two particular situations. It clarifies the designation of a one-sided risk in a hedged item and inflation in a financial hedged item. The amendment has no impact on Electrolux.

New or amended accounting standards after 2010

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning January 1, 2011, and have not been early adopted. No significant impact on the financial result or position is expected upon their eventual application.

IFRS 7 Financial instruments: Disclosures – Transfers of Financial Assets (Amendment)[1]. The change will provide users with more information about an entity's exposure to the risks of transferred financial assets, particularly those that involve securitisation of financial assets. The standard is not expected to have any impact

Cont. Note 1

on Electrolux financial results or position. The standard is effective for annual periods beginning on or after July 1, 2011.

IFRS 9 Financial instruments[1]. This standard addresses the classification and measurement of financial instruments and is likely to affect the Group's accounting for its financial assets and liabilities. The Group is yet to assess IFRS 9's full impact. The standard is effective for annual periods beginning on or after January 1, 2013.

New interpretations of accounting standards

None of the new interpretations by The International Financial Reporting Interpretation Committee (IFRIC), which are applicable to Electrolux, have, or are expected to have, a significant impact on neither financial result, nor position.

The following interpretation was applied during 2010.

IFRIC 17 Distribution of Non-cash Assets to Customers. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. According to IFRIC 17 assets classified as hold for distribution should be treated in accordance with IFRS 5s' classification, presentation and measurement requirements.

1) This amendment or replacement has not been adopted by the EU at the writing date.

Critical accounting policies and key sources of estimation uncertainty

Use of estimates

Management of the Group has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from these estimates.

The discussion and analysis of the Group's results of operations and financial condition are based on the consolidated financial statements, which have been prepared in accordance with IFRS, as adopted by the EU. The preparation of these financial statements requires management to apply certain accounting methods and policies that may be based on difficult, complex or subjective judgments by management or on estimates based on experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance-sheet date and the reported amounts of net sales and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions. Electrolux has summarized below the accounting policies that require more subjective judgment of the management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Asset impairment

Non-current assets, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its recoverable amount based on the best information available. Different methods have been used for this evaluation, depending on the availability of information. When available, market value has been used and impairment charges have been recorded when this information indicated that the carrying amount of an asset was not recoverable. In the majority of cases, however, market value has not been available, and the fair value has been estimated by using the discounted cash-flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used could have resulted in different asset valuations.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives for property, plant and equipment are estimated between 10 and 40 years for buildings and land improvements and between 3 and 15 years for machinery, technical installations and other equipment. The carrying amount for property, plant and equipment at year-end 2010 amounted to SEK 14,630m. The carrying amount for goodwill at year-end 2010 amounted to SEK 2,295m. Management regularly reassesses the useful life of all significant assets. Management believes that any reasonably possible change in the key assumptions on which the asset's recoverable amounts are based would not cause their carrying amounts to exceed their recoverable amounts.

Deferred taxes

In the preparation of the financial statements, Electrolux estimates the income taxes in each of the taxing jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets relating mainly to tax loss carry-forwards, energy tax-credits and temporary differences are recognized in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates could result in significant differences in the valuation of deferred taxes. As of December 31, 2010, Electrolux had a net amount of SEK 2,175m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2010, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 4,461m, which have not been included in computation of deferred tax assets.

Current taxes

Electrolux provisions for uncertain outcome of tax audits and tax litigations are based on management's best estimates and recorded in the balance sheet. These estimates might differ from the actual outcome and the timing of the potential effect on Electrolux cash flow is normally not possible to predict.

In recent years, tax authorities have been focusing on transfer pricing. Transfer-pricing matters are normally very complex, include high amounts and it might take several years to reach a conclusion.

The total provisions related to transfer-pricing issues under dispute and included in tax payables amounted to SEK 100m (400) at year-end 2010. One major transfer-pricing audit was settled in late 2009 and has impacted Electrolux cash flow negatively by SEK 340m during 2010.

Trade receivables

Receivables are reported net of allowances for doubtful receivables. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance-sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations. At year-end 2010, trade receivables, net of provisions for doubtful accounts, amounted to SEK 19,346m. The total provision for doubtful accounts at year-end 2010 was SEK 783m.

Post-employment benefits

Electrolux sponsors defined benefit pension plans for some of its employees in certain countries. The pension calculations are based on assumptions about expected return on assets, discount rates, mortality rates and future salary increases. Changes in assumptions affect directly the defined benefit obligation, service cost, interest cost and expected return on assets components of the expense. Gains and losses which result when actual returns on assets differ from expected returns, and when actuarial liabilities are adjusted due to experienced changes in assumptions, are subject to amortization over the expected average remaining working life of the employees using the corridor approach. Expected return on assets used in 2010 was 6.8% in average based on historical results. The discount rate used to estimate liabilities at the end of 2009 and the calculation of expenses during 2010 was 5.2% in average.

Restructuring

Restructuring charges include required write-downs of assets and other non-cash items, as well as estimated costs for personnel reductions and other direct costs related to the termination of the activity. The charges are calculated based on detailed plans for activities that are expected to improve the Group's cost structure and productivity. In general, the outcome of similar historical events in previous plans are used as a guideline to minimize these uncertainties. The restructuring programs announced during 2010 had a total charge against operating income of SEK 1,064m.

Warranties

As is customary in the industry in which Electrolux operates, many of the products sold are covered by an original warranty, which is included in the price and which extends for a predetermined period of time. Provisions for this original warranty are estimated based on historical data regarding service rates, cost of repairs, etc. Additional provisions are created to cover goodwill warranty and extended warranty. While changes in these assumptions would result in different valuations, such changes are unlikely to have a material impact on the Group's results or financial situation. As of December 31, 2010, Electrolux had a provision for warranty commitments amounting to SEK 1,555m. Revenues from extended warranty is recognized on a linear basis over the contract period unless there is evidence that some other method better represents the stage of completion.

Long-term incentive programs

Electrolux records a provision for the expected employer contributions, social security charges, arising when the employees receive shares under the 2008–2010 Performance Share Programs. Employer contributions are paid based on the benefit obtained by the employee when receiving shares. The establishment of the provision requires the estimation of the expected future benefit to the employees. Electrolux bases these calculations on a valuation model, which requires a number of estimates that are inherently uncertain. The uncertainty is due to the unknown share price at the time when shares in the performance-share programs are distributed, and because the liability is marked-to-market, it is remeasured every balance-sheet day.

Disputes

Electrolux is involved in disputes in the ordinary course of business. The disputes concern, among other things, product liability, alleged defects in delivery of goods and services, patent rights and other rights and other issues on rights and obligations in connection with Electrolux operations. Such disputes may prove costly and time consuming and may disrupt normal operations. In addition, the outcome of complicated disputes is difficult to foresee. It cannot be ruled out that a disadvantageous outcome of a dispute may prove to have a material adverse effect on the Group's earnings and financial position.

Parent Company accounting principles

The Parent Company has prepared its Annual Report in compliance with Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR 2 prescribes that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, and taking into account the connection between reporting and taxation. The recommendation states what exceptions from IFRS and additions shall be made. The Parent Company reports total comprehensive income for the first time 2010. The Parent Company applies IAS 39, Financial Instruments.

Subsidiaries

Holdings in subsidiaries are recognized in the Parent Company financial statements according to the cost method of accounting. The value of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Anticipated dividends

Dividends from subsidiaries are recognized in the income statement after decision by the annual general meeting in respective subsidiary. Anticipated dividends from subsidiaries are recognized in cases where the Parent Company has exclusive rights to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial reports.

Taxes

The Parent Company's financial statements recognize untaxed reserves including deferred tax. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity.

Cont. Note 1

Group contribution

Group contributions provided or received by the Parent Company, and its current tax effects are recognized in other comprehensive income. Shareholder contributions provided by the Parent Company are recognized in shares and participations and as such they are subject to impairment tests as indicated above.

Pensions

The Parent Company reports pensions in the financial statements in accordance with the recommendation FAR 4, Accounting for Pension Liability and Pension Cost, from the Swedish Institute of Authorized Public Accountants. According to RFR 2, IAS 19 shall be adopted regarding supplementary disclosures when applicable.

Intangible assets

The Parent Company amortizes trademarks in accordance with RFR 2. The Electrolux trademark in North America is amortized over 40 years using the straight-line method. All other trademarks are amortized over their useful lives, estimated to 10 years, using the straight-line method.

The central development costs of the Group's common business system are recorded in the Parent Company. The amortization is based on the usage and go-live dates of the entities and continues over the system's useful life, estimated to 5 years per unit using the straight-line method. The applied principle gives an estimated amortization period of 10 years for the system.

Property, plant and equipment and intangible assets

The Parent Company reports additional fiscal depreciation, permitted by Swedish tax law, as appropriations in the income statement. In the balance sheet, these are included in untaxed reserves.

Financial statement presentation

The Parent Company presents the income and balance sheet statements in compliance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2.

NOTE 2 Financial risk management

Financial risk management

The Group is exposed to a number of risks relating to, for example, liquid funds, trade receivables, customer-financing receivables, payables, borrowings, commodities and derivative instruments. The risks are primarily:

- Interest-rate risk on liquid funds and borrowings
- Financing risk in relation to the Group's capital requirements
- Foreign-exchange risk on commercial flows and net investments in foreign subsidiaries
- Commodity-price risk affecting the expenditure on raw materials and components for goods produced
- Credit risk relating to financial and commercial activities

The Board of Directors of Electrolux has approved a financial policy as well as a credit policy for the Group to manage and control these risks. Each business sector has specific financial and credit policies approved by each sector board. (Hereinafter all policies are referred to as the Financial Policy). These risks are to be managed by, amongst others, the use of financial derivative instruments according to the limitations stated in the Financial Policy. The Financial Policy also describes the management of risks relating to pension fund assets.

The management of financial risks has largely been centralized to Group Treasury in Stockholm. Local financial issues are mainly managed by three regional treasury centers located in Singapore, North America, and Latin America. Measurement of risk in Group Treasury is performed by a separate risk-controlling function on a daily basis. The method used for measuring risk in the financial position is parametric Value-at-Risk (VaR). The method shows the maximum potential loss in one day with a probability of 97.5% and is based on the statistical behavior of the FX spot and interest-rate markets during the last 150 business days. To emphasize recent movements in the market, the weight of the rates decrease further away from the valuation date. By measuring the VaR risk, Group Treasury is able to monitor and follow up on the Group's risks across a wide variety of currencies and markets. The main limitation of the method is that events not showing in the statistical data will not be reflected in the risk value. Also, due to the confidence level, there is a 2.5% risk that the loss will be larger than indicated by the risk figure. Furthermore, there are guidelines in the Group's policies and procedures for managing operational risk relating to financial instruments by, e.g., segregation of duties and power of attorney.

Proprietary trading in currency, commodities, and interest-bearing instruments is permitted within the framework of the Financial Policy. This trading is primarily aimed at maintaining a high quality of information flow and market knowledge to contribute to the proactive management of the Group's financial risks.

Interest-rate risk on liquid funds and borrowings

Interest-rate risk refers to the adverse effects of changes in interest rates on the Group's income. The main factors determining this risk include the interest-fixing period.

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, derivatives, prepaid interest expenses and accrued interest income. Electrolux goal is that the level of liquid funds including unutilized committed credit facilities shall correspond to at least 2.5% of annualized net sales. In addition, net liquid funds defined as liquid funds less short-term borrowings shall exceed zero, taking into account fluctuations arising from acquisitions, divestments, and seasonal variations. Investment of liquid funds is mainly made in interest-bearing instruments with high liquidity and with issuers with a long-term rating of at least A- as defined by Standard & Poor's or similar.

Interest-rate risk in liquid funds

Group Treasury manages the interest-rate risk of the investments in relation to a benchmark position defined as a one-day holding period. Any deviation from the benchmark is limited by a risk mandate. Financial derivative instruments like futures and forward-rate agreements are used to manage the interest-rate risk. The holding periods of investments are mainly short-term. The major portion of the investments is made with maturities between 0 and 3 months. A downward shift in the yield curves of one-percentage point would reduce the Group's interest income by approximately SEK 110m (90). For more information, see Note 18 on page 51.

Borrowings

The debt financing of the Group is managed by Group Treasury in order to ensure efficiency and risk control. Debt is primarily taken up at the Parent Company level and transferred to subsidiaries as internal loans or capital injections. In this process, various swap instruments are used to convert the funds to the required currency. Short-term financing is also undertaken locally in subsidiaries where there are capital restrictions. The Group's borrowings contain no terms, financial triggers, for premature cancellation based on rating. For additional information, see Note 18 on page 51.

Interest-rate risk in borrowings

The benchmark for the long-term loan portfolio is an average interest-fixing period of 12 months. Group Treasury can choose to deviate from this benchmark on the basis of a risk mandate established by the Board of Directors. However, the maximum average interest-fixing period is 3 years. Derivatives, such as interest-rate swap agreements, are used to manage the interest-rate risk by changing the interest from fixed to floating or vice versa. On the basis of 2010 long-term interest-bearing borrowings with an interest fixing period of 0.9 (1.0) years, a one-percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/–60m (60) in 2011. This calculation is based on a parallel shift of all yield curves simultaneously by one-percentage point. Electrolux acknowledges that the calculation is an approximation and does not take into consideration the fact that the interest rates on different maturities and different currencies might change differently.

Capital structure and credit rating

The Group defines its capital as equity stated in the balance sheet including non-controlling interests. In 2010, the Group's capital was SEK 20,613m (18,841). The Group's objective is to have a capital structure resulting in an efficient weighted cost of capital and sufficient credit worthiness where operating needs and the needs for potential acquisitions are considered.

To achieve and keep an efficient capital structure, the Financial Policy states that the Group's long-term ambition is to maintain a long-term rating within a safe margin from a non-investment grade. The rating for long-term debt was changed from BBB to BBB+ in November 2010 by Standard & Poor's.

Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
Standard & Poor's	BBB+	Stable	A-2	K-1

When monitoring the capital structure, the Group uses different key numbers which are consistent with methodologies used by rating agencies and banks. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more costly. This risk can be decreased by ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The net borrowings, i.e., total borrowings less liquid funds, excluding seasonal variances, shall be long-term according to the Financial Policy. The Group's goals for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities. A maximum of 25% of the borrowings are normally allowed to mature in a 12-month period. Exceptions are made when the net borrowing position of the Group is small. For additional information, see Note 18 on page 51.

Foreign exchange risk

Foreign exchange risk refers to the adverse effects of changes in foreign exchange rates on the Group's income and equity. In order to manage such effects, the Group covers these risks within the framework of the Financial Policy. The Group's overall currency exposure is managed centrally.

Transaction exposure from commercial flows

The Financial Policy stipulates the hedging of forecasted flows in foreign currencies. Taking into consideration the price-fixing periods, commercial circumstances and the competitive environment, business sectors within Electrolux can have a hedging horizon of 3 or 8 months of forecasted flows. Hedging horizons outside this period are subject to approval from Group Treasury. It is mainly sectors with business in emerging markets that have a hedging horizon of 3 months. The operating units are allowed to hedge invoiced flows from 75% to 100% and forecasted flows from 60% to 80%. The maximum hedging horizon is up to 18 months. Group subsidiaries cover their risks in commercial currency flows mainly through the Group's treasury centers. Group Treasury thus assumes the currency risks and covers such risks externally by the use of currency derivatives.

The Group's geographically widespread production reduces the effects of changes in exchange rates. The remaining transaction exposure is mainly related to internal sales from producing entities to sales companies. To a lesser extent, there are also external exposures from purchasing of components and input material for the production paid in foreign currency. These external imports are often priced in US dollars. The global presence of the Group, however, leads to a significant netting of the transaction exposures. For additional information on exposures and hedging, see Note 18 on page 51.

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Cont. Note 2

Translation exposure from consolidation of entities outside Sweden

Changes in exchange rates also affect the Group's income in connection with translation of income statements of foreign subsidiaries into Swedish krona. Electrolux does not hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the sensitivity analysis mentioned below.

Foreign exchange sensitivity from transaction and translation exposure

The major currencies that Electrolux is exposed to are the US dollar, the euro, the Brazilian real, and the Australian dollar. Other significant exposures are, for example, the Russian ruble, the British pound, the Thai baht, and the Swiss franc. These currencies represent the majority of the exposures of the Group, but are, however, largely offsetting each other as different currencies represent net inflows and outflows. Taking into account all currencies of the Group, a change up or down by 10% in the value of each currency would affect the Group's profit and loss for one year by approximately SEK +/– 550m (490), as a static calculation. The model assumes the distribution of earnings and costs effective at year-end 2010 and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange rates.

Sensitivity analysis of major currencies

Risk	Change	Profit or loss impact 2010	Profit or loss impact 2009
Currency			
BRL/SEK	–10%	–314	–254
AUD/SEK	–10%	–273	–246
GBP/SEK	–10%	–202	–224
RUB/SEK	–10%	–164	–119
CHF/SEK	–10%	–134	–159
CAD/SEK	–10%	–97	–106
CZK/SEK	–10%	–74	–79
THB/SEK	–10%	82	37
EUR/SEK	–10%	319	529
USD/SEK	–10%	601	385

Exposure from net investments (balance sheet exposure)

The net of assets and liabilities in foreign subsidiaries constitute a net investment in foreign currency, which generates a translation difference in connection with consolidation. This exposure can have an impact on the Group's total comprehensive income, and on the capital structure, and is hedged according to the Financial Policy. The Financial Policy stipulates the extent to which the net investments can be hedged and also sets the benchmark for risk measurement. The benchmark is to hedge only net investments with an equity capitalization exceeding 60%, unless the exposure of any other currency is considered too high by the Group, in which case this also should be hedged. The effect of this is that only a limited number of currencies are hedged on a continuous basis. Group Treasury is allowed to deviate from the benchmark under a given risk mandate. Hedging of the Group's net investments is implemented within the Parent Company in Sweden.

A change up or down by 10% in the value of each currency against the Swedish krona would effect the net investment of the Group by approximately SEK +/– 2,740m (2,640), as a static calculation at year-end 2010. A similar valuation of all financial instruments used for hedging net investments would have an effect on the Group's equity of approximately SEK +/– 570m (450).

From January 1, 2011 the hedging policy is changed. Net investments shall only be hedged to ensure any of following objectives; to protect key ratios important to the Group's credit rating and financial covenants (if any) and to protect net investments corresponding to financial investments such as excess liquidity.

Commodity-price risks

Commodity-price risk is the risk that the cost of direct and indirect materials could increase as underlying commodity prices rise in global markets. The Group is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw-material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposures, and indirect commodity exposures, which is defined as exposure arising from only part of a component. Commodity-price risk is mainly managed through contracts with the suppliers. A change up or down by 10% in steel would affect the Group's profit or loss with approximately SEK +/– 900m (900) and in plastics with approximately SEK +/– 500m (400), based on volumes in 2010.

Credit risk

Credit risk in financial activities

Exposure to credit risks arises from the investment of liquid funds, and as counterpart risks related to derivatives. In order to limit exposure to credit risk, a counterpart list has been established, which specifies the maximum permissible exposure in relation to each counterpart. The Group strives for arranging master netting agreements (ISDA) with the counterparts for derivative transactions and has established such agreements with the majority of the counterparts, i.e., if counterparty will default, assets and liabilities will be netted. To reduce the settlement risk in foreign exchange transactions made with banks, Group Treasury implemented Continuous Linked Settlement (CLS) during 2010. CLS eliminates temporal settlement risk since both legs of a transaction are settled simultaneously.

Credit risk in trade receivables

Electrolux sells to a substantial number of customers in the form of large retailers, buying groups, independent stores, and professional users. Sales are made on the basis of normal delivery and payment terms. The Electrolux Group Credit Policy defines how credit management is to be performed in the Electrolux Group to achieve competitive and professionally performed credit sales, limited bad debts, and improved cash flow and optimized profit. On a more detailed level, it also provides a minimum level for customer and credit-risk assessment, clarification of responsibilities and the framework for credit decisions. The credit-decision process combines the parameters risk/reward, payment terms and credit protection in order to obtain as much paid sales as possible. In some markets, Electrolux uses credit insurance as a mean of protection. Credit limits that exceed SEK 300m are decided by the Board of Directors.

For many years, Electrolux has used the Electrolux Rating Model (ERM) to have a common and objective approach to credit-risk assessment that enables more standardized and systematic credit evaluations to minimize inconsistencies in decisions. The ERM is based on a risk/reward approach and is the basis for the customer assessment. The ERM consists of three different parts, Customer and Market Information, Warning Signals and a Credit Risk Rating (CR2). The risk of a customer is determined by the CR2 in which customers are classified.

There is a concentration of credit exposures on a number of customers in, primarily, USA, Latin America and Europe. For additional information, see Note 17 on page 50.

NOTE 3 Segment information

Reportable segments – Business areas

The Group has five reportable segments. Products for the consumer-durables market, i.e., appliances and floor-care products, have four reportable segments: Europe; North America; Latin America and Asia/Pacific. Products within appliances comprise mainly of refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens. Professional products have one reportable segment. As of 2010, the operations within "Rest of world", i.e., the Middle East and Africa, is reported within Consumer Durables Europe. Operations in the Middle East and Africa were previously part of the business area Consumer Durables Asia/Pacific and Rest of world. The financial information of 2009 for the segments involved have been restated.

	Net sales		Operating income	
	2010	2009	**2010**	2009
Consumer Durables				
Europe	40,038	44,073	2,703	2,349
North America	33,776	35,726	1,574	1,476
Latin America	17,276	14,165	1,080	878
Asia/Pacific	8,836	8,033	928	458
Professional Products	**6,389**	**7,129**	**743**	**668**
	106,315	**109,126**	**7,028**	**5,829**
Group common costs	11	6	–534	–507
Items affecting comparability	—	—	–1,064	–1,561
Total	**106,326**	**109,132**	**5,430**	**3,761**
Financial items, net	—	—	–124	–277
Income after financial items	—	—	**5,306**	**3,484**

In the internal management reporting, items affecting comparability are not included in the segments. The table specifies the segments to which they correspond.

Items affecting comparability

	Impairment/ restructuring	
	2010	2009
Consumer Durables		
Europe	–658	–620
North America	–406	–779
Latin America	—	—
Asia/Pacific	—	–162
Professional Products	—	—
Total	**–1,064**	**–1,561**

Inter-segment sales exist with the following split:

	2010	2009
Consumer Durables		
Europe	578	1,378
North America	1,173	892
Latin America	—	2
Asia/Pacific	94	92
Eliminations	**1,845**	**2,364**

The segments are responsible for the management of the operational assets and their performance is measured at the same level, while the financing is managed by Group Treasury at group or country level. Consequently, liquid funds, interest-bearing receivables, interest-bearing liabilities and equity are not allocated to the business segments.

	Assets December 31,		Equity and liabilities December 31,		Net assets December 31,	
	2010	2009	**2010**	2009	**2010**	2009
Consumer Durables						
Europe	29 845	34 164	22 478	26 373	7 367	7 791
North America	10 019	8 336	2 320	438	7 699	7 898
Latin America	7 713	5 854	4 180	2 664	3 533	3 190
Asia/Pacific	4 181	3 030	2 066	1 088	2 115	1 942
Professional Products	2 492	2 413	1 618	1 345	874	1 068
Other[1]	6 462	5 738	6 507	6 685	–45	–947
Items affecting comparability	4	–196	1 643	1 240	–1 639	–1 436
	60 716	**59 339**	**40 812**	**39 833**	**19 904**	**19 506**
Liquid funds	12 805	13 357	—	—	—	—
Interest-bearing receivables	—	—	—	—	—	—
Interest-bearing liabilities	—	—	12 096	14 022	—	—
Equity	—	—	20 613	18 841	—	—
Total	**73 521**	**72 696**	**73 521**	**72 696**	**—**	**—**

1) Includes Group functions.

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Cont. Note 3

	Depreciation and amortization		Capital expenditure		Cash flow[1]	
	2010	2009	**2010**	2009	**2010**	2009
Consumer Durables						
Europe	1,478	1,621	1,454	1,187	2,194	1,680
North America	1,112	1,157	742	470	1,483	1,804
Latin America	276	214	661	311	810	2,318
Asia/Pacific	193	197	208	131	909	1,116
Professional Products	116	123	96	107	863	818
Other[2]	153	130	60	17	–1,290	–716
Items affecting comparability	—	—	—	—	–375	–413
Financial items	—	—	—	—	–72	–348
Taxes paid	—	—	—	—	–1,316	–929
Total	**3,328**	**3,442**	**3,221**	**2,223**	**3,206**	**5,330**

1) Cash flow from operations and investments.
2) Includes Group functions.

Geographical information

	Net sales[1]	
	2010	2009
USA	29,782	31,725
Brazil	14,231	11,688
Germany	5,974	7,435
Australia	5,514	5,290
Italy	4,609	5,044
Canada	4,390	4,379
France	4,223	5,119
Switzerland	3,667	3,266
Sweden (country of domicile)	3,353	3,399
United Kingdom	2,898	3,259
Other	27,685	28,528
Total	**106,326**	**109,132**

1) Revenues attributable to countries on the basis of the customer's location.

Tangible and non-tangible fixed assets located in the Group's country of domicile, Sweden, amounted to SEK 2,093m (1,814). Tangible and non-tangible fixed assets located in all other countries amounted to SEK 18,107m (18,774). Individually, material countries in this aspect are Italy with SEK 2,877m (3,208), USA with SEK 2,836m (3,025) and Mexico with SEK 2,098m (2,048), respectively.

NOTE 4 Net sales and operating income

The Group's net sales in Sweden amounted to SEK 3,353m (3,399). Exports from Sweden during the year amounted to SEK 4,379m (4,009), of which SEK 3,664m (3,295) were to Group subsidiaries. The vast majority of the Group's revenues consisted of product sales. Revenue from service activities amounted to SEK 1,247m (1,338).

Operating income included net exchange-rate differences in the amount of SEK 71m (–208). The Group's Swedish factories accounted for 2.4% (2.6) of the total value of production. Costs for research and development amounted to SEK 1,597m (1,621) and are included in Cost of goods sold.

The Group's depreciation and amortization charge for the year amounted to SEK 3,328m (3,442). Salaries, remunerations and employer contributions amounted to SEK 16,375m (17,201) and expenses for post-employment benefits amounted to SEK 741m (877).

Government grants relating to expenses have been deducted in the related expenses by SEK 96m (100). Government grants related to assets have been recognized as deferred income in the balance sheet and will be recognized as income over the useful life of the assets. In 2010, these grants amounted to SEK 220m (214).

NOTE 5 Other operating income

	Group		Parent Company	
	2010	2009	**2010**	2009
Gain on sale				
Property, plant and equipment	14	41	—	—
Operations and shares	—	—	—	160
Other	—	—	379	—
Total	**14**	**41**	**379**	**160**

NOTE 6 Other operating expenses

	Group		Parent Company	
	2010	2009	**2010**	2009
Loss on sale				
Property, plant and equipment	–23	–102	–1	–26
Operations and shares	—	—	–10	–1,057
Other	—	—	–95	—
Total	**–23**	**–102**	**–106**	**–1,083**

NOTE 7 Items affecting comparability

	Group	
	2010	2009
Restructuring and impairment		
Appliances plant in L'Assomption, Canada	–426	—
Reduced workforce in Major Appliances, Europe	–356	—
Appliances plant in Revin, France	–71	—
Appliances plant in Forli, Italy	–136	—
Appliances plant in Motala, Sweden	–95	—
Appliances plant in Alcalá, Spain	—	–440
Appliances plants in Webster City and Jefferson, USA	—	–560
Office consolidation in USA	—	–218
Appliances plant in Changsha, China	—	–162
Appliances plant in Porcia, Italy	—	–132
Appliances plant in St. Petersburg, Russia	—	–105
Reversal of unused restructuring provisions	20	56
Total	**–1,064**	**–1,561**

Classification by function in the income statement

	Group	
	2010	2009
Cost of goods sold	–1,062	–1,356
Selling expenses	—	–40
Administrative expenses	–2	–165
Other operating income and expenses	—	—
Total	**–1,064**	**–1,561**

Items affecting comparability in 2010 relates to restructuring costs for the phase out of the cooker production factory in Motala, Sweden, and downsizing in several other production units within Major Appliances Europe. Included in the 2010 charge is also the closure of the cooker production facility in L'Assomption, Canada, announced in December 2010.

Items affecting comparability in 2009 covers the restructuring costs for the closures of the Changsha refrigerator plant in China and the laundry-products factories in St. Petersburg in Russia, Alcalá in Spain, and in Webster City in USA. In connection with the closing of the Webster City factory, also production at the Jefferson satellite plant will be discontinued. Under this heading, also the restructuring costs related to the downsizing of the washing-machine production in Porcia, Italy, and the consolidation of the US corporate-office operations to a single head office are included.

NOTE 8 Leasing

Financial leases

At December 31, 2010, the net carrying amount of the Group's financial leases totals SEK 149m (4) and includes the lease for the North American head office in Charlotte. Future financial lease payments amount to SEK 166m.

Operating leases

The future amount of minimum lease-payment obligations are distributed as follows:

	Operating leases
2011	727
2012–2015	1,456
2016–	610
Total	**2,793**

Expenses in 2010 for rental payments (minimum leasing fees) amounted to SEK 807m (903). Among the Group's operating leases there are neither material contingent expenses, nor restrictions.

NOTE 9 Financial income and financial expenses

	Group		Parent Company	
	2010	2009	**2010**	2009
Financial income				
Interest income				
From subsidiaries	—	—	641	727
From others	329	255	48	83
Dividends from subsidiaries	—	—	2,560	3,178
Other financial income	3	1	2	1
Total financial income	**332**	**256**	**3,251**	**3,989**
Financial expenses				
Interest expenses				
To subsidiaries	—	—	–233	–244
To others	–404	–544	–275	–432
Exchange-rate differences				
On loans and forward contracts as hedges for foreign net investments	—	—	218	–75
On other loans and borrowings, net	–16	41	279	530
Other financial expenses	–36	–30	–18	–12
Total financial expenses	**–456**	**–533**	**–29**	**–233**

Interest income from others, for the Group and the Parent Company, includes gains and losses on financial instruments held for trading. Interest expenses to others, for the Group and the Parent Company, include gains and losses on derivatives used for managing the Group's interest fixing and premiums on forward contracts in the amount of SEK –109m (–108) used as hedges for foreign net investments. For information on financial instruments, see Note 18 on page 51.

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NOTE 10 Taxes

	Group		Parent Company	
	2010	2009	**2010**	2009
Current taxes	–1,779	–515	–113	7
Deferred taxes	470	–362	–170	167
Taxes included in income for the period	**–1,309**	**–877**	**–283**	**174**
Current tax related to OCI	—	—	–52	–12
Deferred tax related to OCI	–30	—	7	—
Taxes included in total comprehensive income	**–1,339**	**–877**	**–328**	**162**

Deferred taxes in 2010 include a negative effect of SEK –16m (–5) due to changes in tax rates. The low level of current tax in 2009 relates mainly to the effect of an extended period for tax loss carry-back in the US. As a result of this amended legislation, a tax refund was received in the fist quarter of 2010, amounting to SEK 370m. The consolidated accounts include deferred tax liabilities of SEK 165m (205) related to untaxed reserves in the Parent Company.

Theoretical and actual tax rates

%	**2010**	2009
Theoretical tax rate	31.3	31.2
Non-recognized tax losses carried forward	2.1	11.2
Non-taxable/non-deductible income statement items, net	2.6	1.0
Changes in estimates relating to deferred tax	–4.6	–1.5
Utilized tax losses carried forward	–6.7	–12.6
Withholding tax	1.0	0.4
Change in recognition of US tax credits	–6.6	2.9
Other	5.6	–7.4
Actual tax rate	**24.7**	**25.2**

The theoretical tax rate for the Group is calculated on the basis of the weighted total Group net sales per country, multiplied by the local statutory tax rates. The effective tax rate for 2010 was positively impacted by recognition of US tax credits. The effective tax rate in 2009 was positively impacted by a reversal of a tax provision following a tax settlement in a European country.

Non-recognized deductible temporary differences

As of December 31, 2010, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 4,461m (6,720), which have not been included in computation of deferred tax assets. The non-recognized deductible temporary differences will expire as follows:

	December 31, **2010**
2011	363
2012	350
2013	227
2014	227
2015	152
And thereafter	1,389
Without time limit	1,753
Total	**4,461**

Changes in deferred tax assets and liabilities

The table below shows net deferred tax assets and liabilities. Deferred tax assets and deferred tax liabilities amounted to the net deferred tax assets and liabilities in the balance sheet.

Net deferred tax assets and liabilities

	Excess of depreciation	Provision for warranty	Provision for pension	Provision for restructuring	Obsolescense allowance	Unrealized profit in stock	Recognized unused tax losses	Other	Total deferred tax assets and liabilities	Set-off tax	Net deferred tax assets and liabilities
Opening balance, January 1, 2009	**–748**	**266**	**1,017**	**57**	**95**	**49**	**341**	**1,263**	**2,340**	**—**	**2,340**
Recognized in total comprehensive income	44	1	–575	183	14	—	–11	–18	–362	—	–362
Divested operations	—	—	—	—	—	—	—	—	—	—	—
Exchange differences	28	7	–38	–12	–2	–2	–15	–70	–104	—	–104
Closing balance, December 31, 2009	**–676**	**274**	**404**	**228**	**107**	**47**	**315**	**1,175**	**1,874**	**—**	**1,874**
Of which deferred tax assets	4	299	631	228	120	50	315	2,085	3,732	–1,039	2,693
Of which deferred tax liabilities	–680	–25	–227	—	–13	–3	—	–910	–1,858	1,039	–819
Opening balance, January 1, 2010	**–676**	**274**	**404**	**228**	**107**	**47**	**315**	**1,175**	**1,874**	**—**	**1,874**
Recognized in total comprehensive income	200	–30	–155	259	–16	3	–73	252	440	—	440
Divested operations	—	—	—	—	—	—	—	—	—	—	—
Exchange differences	37	–12	–19	–25	–5	–7	–9	–99	–139	—	–139
Closing balance, December 31, 2010	**–439**	**232**	**230**	**462**	**86**	**43**	**233**	**1,328**	**2,175**	**—**	**2,175**
Of which deferred tax assets	82	258	535	462	95	43	233	2,173	3,881	–900	2,981
Of which deferred tax liabilities	–521	–26	–305	—	–9	—	—	–845	–1,706	900	–806

Other deferred tax assets include tax credits related to production of energy-efficient appliances amounting to SEK 1,036m (753).

NOTE 11 Other comprehensive income

	2010	2009
Available-for-sale instruments		
Opening balance, January 1	37	–101
Gain/loss taken to other comprehensive income	77	138
Transferred to profit and loss	—	—
Closing balance, December 31	**114**	**37**
Cash flow hedges		
Opening balance, January 1	–30	82
Gain/loss taken to other comprehensive income	–147	–30
Transferred to profit and loss	30	–82
Closing balance, December 31	**–147**	**–30**
Exchange differences on translation of foreign operations		
Opening balance, January 1	1,807	2,071
Net investment hedge	218	–75
Translation difference	–1,326	–189
Closing balance, December 31	**699**	**1,807**
Income tax related to other comprehensive income	–30	—
Other comprehensive income, net of tax	**–1,178**	**–238**

Income taxes related to items of other comprehensive income were SEK 29m (0) for financial instruments for cash flow hedging and SEK –59m (0) for financial instruments for hedging of translation of foreign operations.

NOTE 12 Property, plant and equipment

Group	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction	Total
Acquisition costs						
Opening balance, January 1, 2009	**1,151**	**9,097**	**32,859**	**2,063**	**1,317**	**46,487**
Acquired during the year	2	108	1,095	138	880	2,223
Transfer of work in progress and advances	1	86	1,147	1	–1,235	—
Sales, scrapping, etc.	–46	–283	–3,070	–177	–32	–3,608
Exchange-rate differences	–35	–294	–900	–53	–30	–1,312
Closing balance, December 31, 2009	**1,073**	**8,714**	**31,131**	**1,972**	**900**	**43,790**
Acquired during the year	25	320	1,294	284	1,451	3,374
Transfer of work in progress and advances	0	79	832	1	–912	—
Sales, scrapping, etc.	–10	–64	–871	–337	–56	–1,338
Exchange-rate differences	–87	–689	–2,285	–133	–132	–3,326
Closing balance, December 31, 2010	**1,001**	**8,360**	**30,101**	**1,787**	**1,251**	**42,500**
Accumulated depreciation						
Opening balance, January 1, 2009	**206**	**4,259**	**23,430**	**1,559**	**–2**	**29,452**
Depreciation for the year	11	296	2,386	155	—	2,848
Transfer of work in progress and advances	—	–1	–8	8	1	—
Sales, scrapping, etc.	–34	–263	–2,915	–165	–1	–3,378
Impairment	31	123	306	2	—	462
Exchange-rate differences	–12	–168	–684	–45	—	–909
Closing balance, December 31, 2009	**202**	**4,246**	**22,515**	**1,514**	**–2**	**28,475**
Depreciation for the year	10	235	2,268	160	—	2,673
Transfer of work in progress and advances	–2	–40	46	–6	2	—
Sales, scrapping, etc.	–10	–48	–867	–334	—	–1,259
Impairment	7	41	148	—	—	196
Exchange-rate differences	–16	–353	–1,741	–105	—	–2,215
Closing balance, December 31, 2010	**191**	**4,081**	**22,369**	**1,229**	**—**	**27,870**
Net carrying amount, December 31, 2009	**871**	**4,468**	**8,616**	**458**	**902**	**15,315**
Net carrying amount, December 31, 2010	**810**	**4,279**	**7,732**	**558**	**1,251**	**14,630**

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Cont. Note 12

Acquired during the year includes the financial lease for the North American head office in the US with SEK 153m. Property, plant and equipment in operations within appliances in Consumer Durables Europe and North America were impaired in 2010. Total impairments at year-end were SEK 236m (258) on buildings and land, and SEK 386m (459) on machinery and other equipment, whereof SEK 192m (450) are related to restructuring costs for the factories in Motala (Sweden), Forli (Italy) och L'Assomption (Canada). The carrying amount for land was SEK 693m (746). The tax assessment value for Swedish Group companies for buildings was SEK 158m (158), and land SEK 29m (29). The corresponding carrying amounts for buildings were SEK 30m (32), and land SEK 9m (9). Electrolux did not capitalize any interests on borrowings in 2010 or 2009.

Property, plant and equipment

Parent Company	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction	Total
Acquisition costs						
Opening balance, January 1, 2009	**6**	**57**	**1,133**	**362**	**17**	**1,575**
Acquired during the year	—	—	20	—	1	21
Transfer of work in progress and advances	—	—	10	1	–11	—
Sales, scrapping, etc.	–2	—	–289	—	—	–291
Closing balance, December 31, 2009	**4**	**57**	**874**	**363**	**7**	**1,305**
Acquired during the year	—	—	44	10	60	114
Transfer of work in progress and advances	—	—	1	—	–1	—
Sales, scrapping, etc.	—	—	–1	–93	—	–94
Closing balance, December 31, 2010	**4**	**57**	**918**	**280**	**66**	**1,325**
Accumulated depreciation						
Opening balance, January 1, 2009	**2**	**53**	**859**	**287**	—	**1,201**
Depreciation for the year	—	1	65	22	—	88
Sales, scrapping, etc.	—	—	–258	–4	—	–262
Closing balance, December 31, 2009	**2**	**54**	**666**	**305**	**—**	**1,027**
Depreciation for the year	—	—	56	18	—	74
Sales, scrapping, etc.	—	—	56	–94	—	–38
Closing balance, December 31, 2010	**2**	**54**	**778**	**229**	**—**	**1,063**
Net carrying amount, December 31, 2009	**2**	**3**	**208**	**58**	**7**	**278**
Net carrying amount, December 31, 2010	**2**	**3**	**140**	**51**	**66**	**262**

Tax assessment value for buildings within the Parent Company was SEK 116m (116), and for land SEK 18m (18). The corresponding carrying amounts for buildings were SEK 3m (3), and for land SEK 2m (2).

NOTE 13 Goodwill and other intangible assets

Intangible assets with indefinite useful lives

Goodwill as at December 31, 2010, has a total carrying value of SEK 2,295m. In addition, the right to use the Electrolux trademark in North America, acquired in May 2000, has been assigned an indefinite useful life. The total carrying amount for the right is SEK 410m, included in the item Other on the next page. The allocation, for impairment-testing purposes, on cash-generating units of the significant amounts is shown in the table below. The carrying amounts of goodwill allocated to Consumer Durables North America, Europe and Asia/Pacific are significant in comparison with the total carrying amount of goodwill.

All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets can be tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units have been determined based on value in use calculations.

Value in use is calculated using the discounted cash-flow model and based on a three-year forecast made by Group Management. The forecast is built up from the estimate of the units within each business area. The preparation of the forecast requires a number of key assumptions such as volume, price, product mix, which will create a basis for future growth and gross margin. These figures are set in relation to historic figures and external reports on market growth. The cash flow for the third year is used as the base for the fourth year and onwards in perpetuity. A growth rate of 2% is assumed in the in-perpetuity calculation. The discount rates used are, amongst other things, based on the individual countries' inflation, interest rates and country risk. The pre-tax discount rates used in 2010 were for the main part within a range of 8.5% to 19.4%. Management believes that any reasonably possible adverse change in the key assumptions would not reduce the recoverable amount below its carrying amount.

Goodwill, value of trademark and discount rate

	Goodwill	Electrolux trademark	Discount rate, %
Europe	368	—	9.9
North America	379	410	10.1
Asia/Pacific	1,468	—	10.8
Other	80	—	8.5–19.4
Total	**2,295**	**410**	**8.5–19.4**

Goodwill and other intangible assets

		Group				Parent Company
		Other intangible assets				
	Goodwill	Product development	Program software	Other	Total other intangible assets	Trademarks, software etc.
Acquisition costs						
Opening balance, January 1, 2009	**2,095**	**2,891**	**1,050**	**1,042**	**4,983**	**1,465**
Acquired during the year	—	—	171	10	181	8
Internally developed	—	370	339	—	709	386
Reclassification	—	–1	1	—	—	—
Sold during the year	—	—	—	–67	–67	—
Fully amortized	—	—	–3	–5	–8	—
Write-off	—	–22	–1	—	–23	—
Exchange-rate differences	179	–139	–24	39	–124	—
Closing balance, December 31, 2009	**2,274**	**3,099**	**1,533**	**1,019**	**5,651**	**1,859**
Acquired during the year	—	—	107	2	109	—
Internally developed	—	396	581	—	977	448
Reclassification	—	—	–2	2	—	—
Sold during the year	—	—	—	—	—	—
Fully amortized	—	–775	—	—	–775	–24
Write-off	—	–1	—	—	–1	—
Exchange-rate differences	21	–276	–63	–11	–350	—
Closing balance, December 31, 2010	**2,295**	**2,443**	**2,156**	**1,012**	**5,611**	**2,283**
Accumulated amortization						
Opening balance, January 1, 2009	**—**	**1,414**	**284**	**462**	**2,160**	**362**
Amortization for the year	—	405	142	47	594	134
Sold and acquired during the year	—	—	—	–56	–56	—
Fully amortized	—	—	–3	–5	–8	—
Impairment (+) / reversal of impairment (–)	—	—	—	20	20	—
Exchange-rate differences	—	–83	–14	39	–58	—
Closing balance, December 31, 2009	**—**	**1,736**	**409**	**507**	**2,652**	**496**
Amortization for the year	—	434	191	30	655	181
Sold and acquired during the year	—	—	—	—	—	—
Fully amortized	—	–775	—	—	–775	–24
Impairment (+) / reversal of impairment (–)	—	—	—	—	—	—
Exchange-rate differences	—	–158	–29	–10	–197	—
Closing balance, December 31, 2010	**—**	**1,237**	**571**	**527**	**2,335**	**653**
Carrying amount, December 31, 2009	**2,274**	**1,363**	**1,124**	**512**	**2,999**	**1,363**
Carrying amount, December 31, 2010	**2,295**	**1,206**	**1,585**	**485**	**3,276**	**1,630**

Included in the item Other are trademarks of SEK 473m (489) and patents, licenses etc. amounting to SEK 12m (23).

Amortization of intangible assets are included within cost of goods sold with SEK 439m (459), administrative expenses with SEK 184m (133) and selling expenses with SEK 32m (2) in the income statement. Electrolux did not capitalize any borrowing costs during the period.

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NOTE 14 Other non-current assets

	Group December 31,		Parent Company December 31,	
	2010	2009	**2010**	2009
Shares in subsidiaries	—	—	23,256	21,901
Participations in other companies	—	—	293	217
Long-term receivables in subsidiaries	—	—	3,057	2,962
Other receivables	1,307	1,235	16	13
Pension assets	1,529	510	—	—
Total	**2,836**	**1,745**	**26,622**	**25,093**

NOTE 15 Inventories

	Group December 31,		Parent Company December 31,	
	2010	2009	**2010**	2009
Raw materials	2,453	2,185	57	49
Products in progress	231	104	2	2
Finished products	8,406	7,689	81	51
Advances to suppliers	40	72	—	—
Total	**11,130**	**10,050**	**140**	**102**

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 73,603m (76,656) for the Group.

Provisions for obsolescence are included in the value for inventory. Write-down amounted to SEK 148m and previous write-down reversed with SEK 234m for the Group. The amounts have been included in Cost of goods sold in the income statement.

NOTE 16 Other current assets

	Group December 31,	
	2010	2009
Miscellaneous short-term receivables	2,512	1,864
Provisions for doubtful accounts	–29	–34
Prepaid expenses and accrued income	778	704
Prepaid interest expenses and accrued interest income	308	413
Total	**3,569**	**2,947**

Miscellaneous short-term receivables include VAT and other items.

NOTE 17 Trade receivables

	2010	2009
Trade receivables	20,129	21,042
Provisions for impairment of receivables	–783	–869
Trade receivables, net	**19,346**	**20,173**
Provisions in relation to trade receivables, %	3.9	4.1

As of December 31, 2010, provisions for impairment of trade receivables amounted to SEK 783m (869). The Group's policy is to reserve 50% of trade receivables that are 6 months past due but less than 12 months, and to reserve 100% of receivables that are 12 months past due and more. If the provision is considered insufficient due to individual consideration such as bankruptcy, officially known insolvency, etc., the provision should be extended to cover the extra anticipated losses.

Provisions for impairment of receivables

	2010	2009
Provisions, January 1	**–869**	**–692**
New provisions	–143	–303
Actual credit losses	147	118
Exchange-rate differences and other changes	82	8
Provisions, December 31	**–783**	**–869**

The fair value of trade receivables equals their carrying amount as the impact of discounting is not significant. The maximum possible exposure to customer defaults is equal to the net amount in the balance sheet. Electrolux has a significant concentration on a number of major customers primarily in the US, Latin America and Europe. Receivables concentrated to customers with credit limits amounting to SEK 300m or more represent 36.9% (35.0) of the total trade receivables. The creation and usage of provisions for impaired receivables have been included in selling expenses in the income statement.

Timing analysis of trade receivables

	2010	2009
Trade receivables not overdue	18,393	18,414
Less than 2 months overdue	625	1,257
2 – 6 months overdue	216	390
6 – 12 months overdue	112	112
More than 1 year overdue	—	—
Total trade receivables past due but not impaired	953	1,759
Impaired trade receivables	783	869
Total trade receivables	**20,129**	**21,042**
Past due, including impaired, in relation to trade receivables, %	8.6	12.5

Additional and complementary information is presented in the following notes to the Annual Report: Note 1, Accounting and valuation principles, discloses the accounting and valuation policies adopted. Note 2, Financial risk management, describes the Group's risk policies in general and regarding the principal financial instruments of Electrolux in more detail. Note 17, Trade receivables, describes the trade receivables and related credit risks.

The information in this note highlights and describes the principal financial instruments of the Group regarding specific major terms and conditions when applicable, and the exposure to risk and the fair values at year-end.

Net borrowings

At year-end 2010, the Group's net borrowings amounted to SEK –709m (665). The table below presents how the Group calculates net borrowings and what they consist of.

Net borrowings

	December 31,	
	2010	2009
Short-term loans	894	582
Short-term part of long-term loans	1,177	912
Trade receivables with recourse	1,068	1,870
Short-term borrowings	**3,139**	**3,364**
Derivatives	476	343
Accrued interest expenses and prepaid interest income	68	74
Total short-term borrowings	**3,683**	**3,781**
Long-term borrowings	**8,413**	**10,241**
Total borrowings	**12,096**	**14,022**
Cash and cash equivalents	10,389	9,537
Short-term investments	1,722	3,030
Derivatives	386	377
Prepaid interest expenses and accrued interest income	308	413
Liquid funds	**12,805**	**13,357**
Net borrowings	**–709**	**665**
Revolving credit facilities (EUR 500m and SEK 3,400m)[1]	7,907	5,163

1) The facilities are not included in net borrowings, but can, however, be used for short-term and long-term funding.

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, derivatives and prepaid interest expenses and accrued interest income. The table below presents the key data of liquid funds. The carrying amount of liquid funds is approximately equal to fair value.

Liquidity profile

	December 31,	
	2010	2009
Cash and cash equivalents	10,389	9,537
Short-term investments	1,722	3,030
Derivatives	386	377
Prepaid interest expenses and accrued interest income	308	413
Liquid funds	**12,805**	**13,357**
% of annualized net sales[1]	18.9	16.2
Net liquidity	**9,122**	**9,576**
Fixed-interest term, days	34	100
Effective yield, % (average per annum)	2.8	2.1

1) Liquid funds plus unused revolving credit facilities of EUR 500m and SEK 3,400m divided by annualized net sales.

For 2010, liquid funds, including unused revolving credit facilities of EUR 500m and SEK 3,400m, amounted to 18.9% (16.2) of annualized net sales. The net liquidity is calculated by deducting short-term borrowings from liquid funds.

Interest-bearing liabilities

In 2010, SEK 1,039m of long-term borrowings matured or were amortized. These maturities were not refinanced.

At year-end 2010, the Group's total interest-bearing liabilities amounted to SEK 10,484m (11,735), of which SEK 9,590m (11,153) referred to long-term borrowings including maturities within 12 months. Long-term borrowings with maturities within 12 months amounted to SEK 1,177m (912). The outstanding long-term borrowings have mainly been made under the Swedish and European Medium-Term Note Program and via bilateral loans. The majority of total long-term borrowings, SEK 8,796m (10,425), is taken up at the parent company level. Since 2005, Electrolux has an unused revolving credit facility of EUR 500m maturing 2012 and since the third quarter of 2010 an additional unused committed credit facility of SEK 3,400m maturing 2017. These two facilities can be used as either long-term or short-term back-up facilities. However, Electrolux expects to meet any future requirements for short-term borrowings through bilateral bank facilities and capital-market programs such as commercial paper programs.

At year-end 2010, the average interest-fixing period for long-term borrowings was 0.9 years (1.0). The calculation of the average interest-fixing period includes the effect of interest-rate swaps used to manage the interest-rate risk of the debt portfolio. The average interest rate for the total borrowings was 3.2% (2.6) at year end.

The fair value of the interest-bearing borrowings was SEK 11,716m. The fair value including swap transactions used to manage the interest fixing was approximately SEK 11,676m. The borrowings and the interest-rate swaps are valued marked-to-market in order to calculate the fair value. When valuating the borrowings, the Electrolux credit rating is taken into consideration.

The table below sets out the carrying amount of the Group's borrowings.

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Cont. Note 18

Borrowings

Issue/maturity date	Description of loan	Interest rate, %	Currency	Nominal value (in currency)	Carrying amount, December 31, 2010	Carrying amount, December 31, 2009
Bond loans[1)]						
2007–2011	SEK MTN Program	5.250	SEK	250	—	264
2007–2012	SEK MTN Program	4.500	SEK	2,000	2,057	2,114
2008–2013	Euro MTN Program	Floating	EUR	85	762	873
2008–2014	Euro MTN Program	Floating	USD	42	286	302
2008–2016	Euro MTN Program	Floating	USD	100	680	719
2009–2011	SEK MTN Program	4.250	SEK	500	—	499
2009–2014	Euro MTN Program	Floating	EUR	100	901	1,033
Total bond loans					**4,686**	**5,804**
Other long-term loans[1)]						
1996–2036	Fixed rate loans in Germany	7.870	EUR	42	362	420
2007–2013	Long-term bank loans in Sweden	Floating	SEK	300	300	300
2008–2011	Fixed rate loans in Thailand	6.290	THB	965	—	208
2008–2011	Long-term bank loans in Sweden	Floating	USD	45	—	324
2008–2013	Long-term bank loans in Sweden	Floating	SEK	1,000	1,000	1,000
2008–2015	Long-term bank loans in Sweden	Floating	EUR	120	1,082	1,239
2008–2015	Long-term bank loans in Sweden	Floating	PLN	338	768	847
2010-2021	Fixed rate loans in USA	6.000	USD	22	150	—
Other long-term loans					65	99
Total other long-term loans					**3,727**	**4,437**
Long-term borrowings					**8,413**	**10,241**
Short-term part of long-term loans[2)]						
2005–2010	SEK MTN Program	3.650	SEK	500	—	501
2005–2010	Long-term bank loans in Sweden	Floating	EUR	20	—	211
2007–2010	Long-term bank loans in Sweden	Floating	SEK	200	—	200
2007–2011	SEK MTN Program	5.250	SEK	250	255	—
2008–2011	Fixed rate loans in Thailand	6.290	THB	965	217	—
2008–2011	Long-term bank loans in Sweden	Floating	USD	45	306	—
2009–2011	SEK MTN Program	4.250	SEK	399	399	—
Total short-term part of long-term loans					**1,177**	**912**
Other short-term loans						
	Commercial paper program	Floating	SEK	—	—	—
	Short-term bank loans in USA	Floating	USD	51	345	—
	Other bank borrowings and commercial papers				549	582
Total other short-term loans					**894**	**582**
Trade receivables with recourse					**1,068**	**1,870**
Short-term borrowings					**3,139**	**3,364**
Fair value of derivative liabilities					**476**	**343**
Accrued interest expenses and prepaid interest income					**68**	**74**
Total borrowings					**12,096**	**14,022**

1) The interest-rate fixing profile of the borrowings has been adjusted with interest-rate swaps.
2) Long-term borrowings with maturities within 12 months are classified as short-term borrowings in the Group's balance sheet.

Short-term borrowings pertain mainly to countries with capital restrictions. The average maturity of the Group's long-term borrowings including long-term borrowings with maturities within 12 months was 3.3 years (3.9), at the end of 2010. The table below presents the repayment schedule of long-term borrowings.

Repayment schedule of long-term borrowings, December 31

	2011	2012	2013	2014	2015	2016–	Total
Debenture and bond loans	—	2,057	762	1,187	—	680	4,686
Bank and other loans	—	36	1,309	15	1,855	512	3,727
Short-term part of long-term loans	1,177	—	—	—	—	—	1,177
Total	**1,177**	**2,093**	**2,071**	**1,202**	**1,855**	**1,192**	**9,590**

Other interest-bearing investments

Interest-bearing receivables from customer financing amounting to SEK 82m (103) are included in the item Trade receivables in the consolidated balance sheet. The Group's customer-financing activities are performed in order to provide sales support and are directed mainly to independent retailers in Scandinavia. The majority of the financing is shorter than 12 months. There is no major concentration of credit risk related to customer financing. Collaterals and the right to repossess the inventory also reduce the credit risk in the financing operations. The income from customer financing is subject to interest-rate risk. This risk is immaterial to the Group.

Commercial flows

The table below shows the forecasted transaction flows, imports and exports, for the 12-month period of 2011 and hedges at year-end 2010.

The hedged amounts are dependent on the hedging policy for each flow considering the existing risk exposure. Hedges with maturity above 12 months have a market value of SEK –14m at year-end. The effect of hedging on operating income during 2010 amounted to SEK –489m (–535). At year-end 2010, unrealized exchange-rate losses on forward contracts charged against other comprehensive income amounted to SEK –122m (–13).

Forecasted transaction flows and hedges

	GBP	AUD	RUB	DKK	BRL	CHF	CZK	HUF	USD	EUR	Other	Total
Inflow of currency, long position	2,510	2,040	2,230	1,540	1,320	740	3,580	350	10,330	1,370	9,950	35,960
Outflow of currency, short position	–190	–20	–220	—	–40	—	–4,410	–1,340	–15,200	–8,360	–6,180	–35,960
Gross transaction flow	2,320	2,020	2,010	1,540	1,280	740	–830	–990	–4,870	–6,990	3,770	—
Hedges	–580	–930	–1,430	–300	–710	–310	230	420	1,770	2,870	–1,030	—
Net transaction flow	**1,740**	**1,090**	**580**	**1,240**	**570**	**430**	**-600**	**–570**	**–3,100**	**–4,120**	**2,740**	**—**

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. This means that instruments, which are quoted on the market, such as, for instance, the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is then used to convert the value into SEK. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash flow currency. In the event that no proper cash flow schedule is available, for instance, as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes. To the extent option instruments are used, the valuation is based on the Black & Scholes´ formula.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities are measured at fair value according to the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly, i.e., as prices or indirectly, i.e., derived from prices.

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market date, i.e., unobservable inputs.

During 2010, the investment in Videocon Industries Ltd., which is classified as an available for sale asset, was reclassified from Level 3 to Level 1. Prior to 2010, the valuation model included a reduction in the fair value due to a restriction for Electrolux to sell the shares. The restriction expired in 2010 and hence, the fair value at year-end 2010 is calculated based on quoted prices only.

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The table below presents the Group's financial assets and liabilities that are measured at fair value according to the fair value measurement hierarchy.

Fair value measurement hierarchy

	2010				2009			
Financial assets	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets	**577**	**—**	**—**	**577**	**217**	**—**	**217**	**434**
Financial assets at fair value through profit and loss	284	—	—	284	217	—	—	217
Available for sale	293	—	—	293	—	—	217	217
Derivatives	**—**	**386**	**—**	**386**	**—**	**377**	**—**	**377**
Derivatives for which hedge accounting is not applied, i.e., held for trading	—	118	—	118	—	92	—	92
Derivatives for which hedge accounting is applied	—	268	—	268	—	285	—	285
Short-term investments and cash equivalents	**2,411**	**—**	**—**	**2,411**	**4,311**	**—**	**—**	**4,311**
Financial assets at fair value through profit and loss	2,411	—	—	2,411	4,311	—	—	4,311
Total financial assets	**2,988**	**386**	**—**	**3,374**	**4,528**	**377**	**217**	**5,122**
Financial liabilities								
Derivatives	**—**	**483**	**—**	**483**	**—**	**351**	**—**	**351**
Derivatives for which hedge accounting is not applied, i.e., held for trading	—	57	—	57	—	81	—	81
Derivatives for which hedge accounting is applied	—	426	—	426	—	270	—	270
Total financial liabilities	**—**	**483**	**—**	**483**	**—**	**351**	**—**	**351**

Changes in Level 3 instruments

	2010	2009
	Available for sale instruments	Available for sale instruments
Financial assets		
Opening balance	**217**	**78**
Gains or losses recognized in income for the period	—	1
Gains or losses recognized in other comprehensive income	29	138
Reclassified to Level 1	–246	—
Closing balance	**—**	**217**
Total gains or losses for the period included in profit or loss	—	1
Total gains or losses for the period included in profit or loss for assets held at the reporting period	—	1

Financial derivative instruments

The table below presents the fair value of the Group's financial derivative instruments used for managing financial risk and proprietary trading.

Financial derivatives at fair value

	December 31, **2010**		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps	**88**	**63**	**169**	**53**
Cash flow hedges	5	51	1	39
Fair value hedges	75	—	157	—
Held-for-trading	8	12	11	14
Cross currency interest-rate swaps	**—**	**—**	**—**	**—**
Cash flow hedges	—	—	—	—
Fair value hedges	—	—	—	—
Held-for-trading	—	—	—	—
Forward-rate agreements and futures	**22**	**21**	**2**	**3**
Cash flow hedges	—	—	—	—
Fair value hedges	—	—	—	—
Held-for-trading	22	21	2	3
Currency derivatives (forwards and options)	**274**	**399**	**204**	**295**
Cash flow hedges	86	331	104	147
Net investment hedges	102	44	23	84
Held-for-trading	86	24	77	64
Commodity derivatives	**2**	**—**	**2**	**—**
Cash flow hedges	—	—	—	—
Fair value hedges	—	—	—	—
Held-for-trading	2	—	2	—
Total	**386**	**483**	**377**	**351**

Maturity profile of financial liabilities and derivatives

The table below presents the undiscounted cash flows of the Group's contractual liabilities related to financial instruments based on the remaining period at the balance sheet to the contractual maturity date. Floating interest cash flows with future fixing dates are estimated using the forward-forward interest rates at year-end. Any cash flow in foreign currency is converted to local currency using the FX spot rates at year-end.

Maturity profile of financial liabilities and derivatives – undiscounted cash flows

	1 year	1 - 2 years	2 - 5 years	5 years -	Total
Loans	–2,454	–2,283	–5,494	–1,206	–11,437
Net settled derivatives	29	18	–18	—	29
Gross settled derivatives	–151	–26	—	—	–177
Whereof outflow	–29,644	–265	—	—	–29,909
Whereof inflow	29,493	239	—	—	29,732
Accounts payable	–17,283	—	—	—	–17,283
Financial guarantees	–1,062	—	—	—	–1,062
Total	**–20,921**	**–2,291**	**–5,512**	**–1,206**	**–29,930**

Net gain/loss, fair value and carrying amount on financial instruments

The tables below present net gain/loss on financial instruments, the effect in the income statement and equity, and the fair value and carrying amount of financial assets and liabilities. Net gain/loss can include both exchange-rate differences and gain/loss due to changes in interest-rate levels.

Specification of gains and losses on fair value hedges

	2010	2009
Fair value hedges, net	—	6
whereof interest-rate derivatives	–69	–6
whereof fair-value adjustment on borrowings	69	12

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Net gain/loss, income and expense on financial instruments

	2010				2009			
	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expenses	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expenses
Recognized in the operating income								
Financial assets and liabilities at fair value through profit and loss	**–487**	**—**	**—**	**—**	**–515**	**—**	**—**	**—**
Derivatives for which hedge accounting is not applied, i.e., held-for-trading	2	—	—	—	20	—	—	—
Currency derivatives related to commercial exposure where hedge accounting is applied, i.e., cash flow hedges	–489	—	—	—	–535	—	—	—
Loans and receivables	**559**	—	—	—	**327**	**—**	**—**	**—**
Trade receivables/payables	559	—	—	—	327	—	—	—
Available-for-sale financial assets	**2**	**77**	**—**	**—**	**1**	**138**	**—**	**—**
Other shares and participations	2	77	—	—	1	138	—	—
Total net gain/loss, income and expenses	**74**	**77**	**—**	**—**	**–187**	**138**	**—**	**—**
Recognized in the financial items								
Financial assets and liabilities at fair value through profit and loss	**–675**	**101**	**53**	**–57**	**–385**	**–187**	**86**	**–55**
Derivatives for which hedge accounting is not applied, i.e., held-for-trading	–465	—	—	—	–311	—	—	—
Interest-related derivatives for which fair value hedge accounting is applied, i.e., fair value hedges	–69	—	—	81	–6	—	—	75
Interest-related derivatives for which cash flow hedge accounting is applied, i.e., cash flow hedges	—	–7	—	–29	—	–14	—	–22
Currency derivatives related to commercial exposure where hedge accounting is applied, i.e., cash flow hedges	–10	–110	—	—	13	–98	—	—
Net investment hedges where hedge accounting is applied	—	218	—	–109	—	–75	—	–108
Other financial assets carried at fair value	–131	—	53	—	–81	—	86	—
Loans and receivables	**52**	—	**293**	—	**33**	**—**	**194**	**—**
Other financial liabilities	**640**	**—**	**—**	**–430**	**369**	**—**	**—**	**–519**
Financial liabilities for which hedge accounting is not applied	291	—	—	–222	357	—	—	–390
Financial liabilities for which hedge accounting is applied	349	—	—	–208	12	—	—	–129
Total net gain/loss, income and expenses	**17**	**101**	**346**	**–487**	**17**	**–187**	**280**	**–574**

Fair value and carrying amount on financial assets and liabilities

	2010[1]		2009[1]	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Financial assets	**577**	**577**	**434**	**434**
Financial assets at fair value through profit and loss	284	284	217	217
Available-for-sale	293	293	217	217
Trade receivables	**19,346**	**19,346**	**20,173**	**20,173**
Loans and receivables	19,346	19,346	20,173	20,173
Derivatives	**386**	**386**	**377**	**377**
Financial assets at fair value through profit and loss:				
Derivatives for which hedge accounting is not applied, i.e., held for trading	118	118	92	92
Interest-related derivatives for which fair value hedge accounting is applied, i.e., fair value hedges	75	75	157	157
Interest-related derivatives for which cash flow hedge accounting is applied, i.e., cash flow hedges	5	5	1	1
Currency derivatives related to commercial exposure where hedge accounting is applied, i.e., cash flow hedges	86	86	104	104
Net investment hedges where hedge accounting is applied	102	102	23	23
Short-term investments	**1,722**	**1,722**	**3,030**	**3,030**
Financial assets at fair value through profit and loss	1,089	1,089	3,030	3,030
Loans and receivables	633	633	—	—
Cash and cash equivalents	**10,389**	**10,389**	**9,537**	**9,537**
Financial assets at fair value through profit and loss	1,322	1,322	1,281	1,281
Loans and receivables	5,529	5,529	2,639	2,639
Cash	3,538	3,538	5,617	5,617
Total financial assets	**32,420**	**32,420**	**33,551**	**33,551**
Financial liabilities				
Long-term borrowings	**8,455**	**8,413**	**10,331**	**10,241**
Financial liabilities measured at amortized cost	6,157	6,101	7,650	7,562
Financial liabilities measured at amortized cost for which fair value hedge accounting is applied	2,298	2,312	2,681	2,679
Accounts payable	**17,283**	**17,283**	**16,031**	**16,031**
Financial liabilities at amortized cost	17,283	17,283	16,031	16,031
Short-term borrowings	**3,261**	**3,139**	**3,381**	**3,364**
Financial liabilities measured at amortized cost	3,261	3,139	3,381	3,364
Derivatives	**483**	**483**	**351**	**351**
Financial liabilities at fair value through profit and loss:				
Derivatives for which hedge accounting is not applied, i.e., held for trading	57	57	81	81
Interest-related derivatives for which fair value hedge accounting is applied, i.e., fair value hedges	—	—	—	—
Interest-related derivatives for which cash flow hedge accounting is applied, i.e., cash flow hedges	51	51	39	39
Currency derivatives related to commercial exposure where hedge accounting is applied, i.e., cash flow hedges	331	331	147	147
Net investment hedges where hedge accounting is applied	44	44	84	84
Total financial liabilities	**29,482**	**29,318**	**30,094**	**29,987**

	2010[1]		2009[1]	
	Fair value	Carrying amount	Fair value	Carrying amount
Per category				
Financial assets at fair value through profit and loss	3,081	3,081	4,905	4,905
Available-for-sale	293	293	217	217
Loans and receivables	25,508	25,508	22,812	22,812
Cash	3,538	3,538	5,617	5,617
Total financial assets	**32,420**	**32,420**	**33,551**	**33,551**
Financial liabilities at fair value through profit and loss	483	483	351	351
Financial liabilities measured at amortized cost	28,999	28,835	29,743	29,636
Total financial liabilities	**29,482**	**29,318**	**30,094**	**29,987**

1) There has not been any reclassification between categories.

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NOTE 19 Assets pledged for liabilities to credit institutions

	Group December 31,		Parent Company December 31,	
	2010	2009	**2010**	2009
Real-estate mortgages	60	97	—	—
Other	10	10	5	4
Total	**70**	**107**	**5**	**4**

The major part of real-estate mortgages is related to Brazil. In the process of finalizing the tax amounts to be paid, in some cases, buildings are pledged for estimated liabilities to the Brazilian tax authorities.

NOTE 20 Share capital, number of shares and earnings per share

The equity attributable to equity holders of the Parent Company consists of the following items:

Share capital

The share capital of AB Electrolux consists of 9,063,125 A-shares and 299,857,183 B-shares with a quota value of SEK 5 per share. All shares are fully paid. An A-share entitles the holder to one vote and a B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends. In 2010, 439,150 A-shares were converted to B-shares at the request of shareholders.

Share capital

	Quota value
Share capital, December 31, 2010	
9,063,125 A-shares, with a quota value of SEK 5	46
299,857,183 B-shares, with a quota value of SEK 5	1,499
Total	**1,545**
Share capital, December 31, 2009	
9,502,275 A-shares, with a quota value of SEK 5	48
299,418,033 B-shares, with a quota value of SEK 5	1,497
Total	**1,545**

Number of shares

	Owned by Electrolux	Owned by other share-holders	Total
Shares, December 31, 2009			
A-shares	—	9,502,275	9,502,275
B-shares	24,498,841	274,919,192	299,418,033
Conversion of A-shares into B-shares			
A-shares	—	–439,150	–439,150
B-shares	—	439,150	439,150
Sold shares			
A-shares	—	—	—
B-shares	–243,756	243,756	—
Shares, December 31, 2010			
A-shares	—	9,063,125	9,063,125
B-shares	24,255,085	275,602,098	299,857,183

Other paid-in capital

Other paid-in capital relates to payments made by owners and includes share premiums paid.

Other reserves

Other reserves includes the following items: Available for sale instruments which refer to the fair-value changes in Electrolux holdings in Videocon Industries Ltd., India; cash flow hedges which refer to changes in valuation of currency contracts used for hedging future foreign currency transactions; exchange-rate differences on translation of foreign operations, which refer to changes in exchange rate when net investments in foreign subsidiaries are translated to SEK. The amount of exchange-rate changes includes the value of hedging contracts for net investments. Finally, other reserves include tax relating to the mentioned items.

Retained earnings

Retained earnings, including income for the period, include the income of the Parent Company and its share of income in subsidiaries and associated companies. Retained earnings also include the reversal of the cost for share-based payments recognized in income, income from sales of own shares and the amount recognized for the common dividend.

Earnings per share

	2010	2009
Income for the period	3,997	2,607
Earnings per share		
Basic, SEK	14.04	9.18
Diluted, SEK	13.97	9.16
Average number of shares, million		
Basic	284.6	284.0
Diluted	286.0	284.6

Basic earnings per share is calculated by dividing the income for the period with the average number of shares. The average number of shares is the weighted average number of shares outstanding during the year, after repurchase of own shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. Performance share programs are included in the dilutive potential ordinary shares as from the start of each program. The dilution from Electrolux incentive programs is a consequence of the 2009 and 2010 Performance Share Programs.

As of December 31, 2010, Electrolux had sold a total of 243,756 (839,963) B-shares, with a total quota value of SEK 1m (4), to the participants in Electrolux long-term incentive programs. The average number of shares during the year has been 284,598,306 (284,023,234) and the average number of diluted shares has been 286,017,584 (284,611,284).

NOTE 21 Untaxed reserves, Parent Company

	December 31, **2010**	Appropriations	December 31, 2009
Accumulated depreciation in excess of plan			
Brands	419	–41	460
Licenses	82	22	60
Machinery and equipment	88	–59	147
Buildings	2	–1	3
Other	38	24	14
Total	**629**	**–55**	**684**

NOTE 22 Post-employment benefits

Post-employment benefits

The Group sponsors pension plans in many of the countries in which it has significant activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. For example, benefits can be based on final salary, on career average salary, or on a fixed amount of money per year of employment. Under defined contribution plans, the company's commitment is to make periodic payments to independent authorities or investment plans, and the level of benefits depends on the actual return on those investments. Some plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on the investments. These plans are also defined benefit plans.

In some countries, the companies make provisions for compulsory severance payments. These provisions cover the Group's commitment to pay employees a lump sum upon reaching retirement age, or upon the employees' dismissal or resignation. These plans are listed below as Other post-employment benefits.

In addition to providing pension benefits and compulsory severance payments, the Group provides healthcare benefits for some of its employees in certain countries, mainly in the US.

The Group's major defined benefit plans cover employees in the US, UK, Switzerland, Germany, France, Italy and Sweden. The Italian and French plans are unfunded and the rest of the plans are funded.

A small number of the Group's employees in Sweden is covered by a multi-employer defined benefit pension plan administered by Alecta Pension Insurance. It has not been possible to obtain the necessary information for the accounting of this plan as a defined benefit plan, and therefore, it has been accounted for as a defined contribution plan.

Below are set out schedules which show the obligations of the plans in the Electrolux Group, the assumptions used to determine these obligations and the assets relating to the benefit plans, as well as the amounts recognized in the income statement and balance sheet. The schedules also include a reconciliation of changes in net provisions during the year, a reconciliation of changes in the present value of the obligation during the year and a reconciliation of the changes in the fair value of plan assets.

The provisions for post-employment benefits amounted to SEK 957m (1,658). The major change was that the defined benefit obligation decreased with SEK 676m, mainly due to movements in exchange rates. The unrecognized actuarial losses in the plans for post-employment benefits decreased with SEK 405m to SEK 1,333m (1,738). The decrease is mainly due to strong performance of the plan assets.

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Cont. Note 22

Amounts recognized in balance sheet

	December 31, **2010**				December 31, 2009			
	Pension benefits	Healthcare benefits	Other post-employment benefits	Total	Pension benefits	Healthcare benefits	Other post-employment benefits	Total
Present value of funded obligations	18,332	2,068	—	20,400	19,008	2,055	—	21,063
Fair value of plan assets	–18,069	–1,340	—	–19,409	–17,749	–1,259	—	–19,008
Surplus/deficit	**263**	**728**	**—**	**991**	**1,259**	**796**	**—**	**2,055**
Present value of unfunded obligations	666	—	657	1,323	601	—	735	1,336
Unrecognized actuarial losses(-) /gains(+)	–1,532	232	–33	–1,333	–2,081	352	–9	–1,738
Unrecognized past-service cost	–1	1	–24	–24	–6	11	–15	–10
Effect of limit on assets	—	—	—	—	15	—	—	15
Net provisions for post-employment benefits	**–604**	**961**	**600**	**957**	**–212**	**1,159**	**711**	**1,658**
Whereof reported as								
Prepaid pension cost in other non-current assets[1)]	1,529	—	—	1,529	510	—	—	510
Provisions for post-employment benefits	925	961	600	2,486	298	1,159	711	2,168

1) Pension assets are related to Canada, Sweden, Switzerland and the United Kingdom.

Reconciliation of changes in net provisions for post-employment benefits

	Pension benefits	Healthcare benefits	Other post-employment benefits	Total
Net provision for post-employment benefits, January 1, 2009	**2,911**	**2,709**	**828**	**6,448**
Expenses for defined post-employment benefits	365	79	57	501
Contributions by employer	–3,418	–1,545	–131	–5,094
Exchange differences	–70	–84	–43	–197
Net provision for post-employment benefits, December 31, 2009	**–212**	**1,159**	**711**	**1,658**
Expenses for defined post-employment benefits	226	37	51	314
Contributions by employer	–626	–192	–72	–890
Exchange differences and other changes	8	–43	–90	–125
Net provision for post-employment benefits, December 31, 2010	**–604**	**961**	**600**	**957**

Amounts recognized in income statement

	December 31, **2010**				December 31, 2009			
	Pension benefits	Healthcare benefits	Other post-employment benefits	Total	Pension benefits	Healthcare benefits	Other post-employment benefits	Total
Current service cost	312	1	4	317	248	1	4	253
Interest cost	957	114	35	1,106	990	134	43	1,167
Expected return on plan assets	–1,140	–90	—	–1,230	–935	—	—	–935
Amortization of actuarial losses/gains	92	–10	—	82	91	–11	—	80
Amortization of past-service cost	5	–6	2	1	–14	–14	2	–26
Losses/gains on curtailments and settlements	15	28	10	53	–30	–31	8	–53
Effect of limit on assets	–15	—	—	–15	15	—	—	15
Total expenses for defined post-employment benefits	**226**	**37**	**51**	**314**	**365**	**79**	**57**	**501**
Expenses for defined contribution plans	—	—	—	427	—	—	—	376
Total expenses for post-employment benefits	**—**	**—**	**—**	**741**	**—**	**—**	**—**	**877**
Actual return on plan assets	–1,864	—	—	–1,864	–2,065	—	—	–2,065

For the Group, total expenses for pensions, healthcare and other post-employment benefits have been recognized as operating expenses and classified as cost of goods sold, selling expenses or administrative expenses depending on the function of the employee. In the Parent Company a similar classification has been made.

Reconciliation of change in present value of defined benefit obligation for funded and unfunded obligations

	2010				2009			
	Pension benefits	Healthcare benefits	Other post-employment benefits	Total	Pension benefits	Healthcare benefits	Other post-employment benefits	Total
Opening balance, January 1	**19,610**	**2,055**	**734**	**22,399**	**19,934**	**2,369**	**882**	**23,185**
Current service cost	312	1	4	317	248	1	4	253
Interest cost	957	114	35	1,106	990	134	43	1,167
Contributions by plan participants	41	21	—	62	44	25	—	69
Actuarial losses/gains	222	150	26	398	341	–90	–25	226
Past-service cost	—	—	15	15	–20	–13	—	–33
Curtailments/special termination benefit cost	10	32	12	54	–69	—	–1	–70
Liabilities extinguished on settlements	–2	—	–3	–5	–4	—	7	3
Exchange differences on foreign plans	–1,054	–117	–94	–1,265	–690	–148	–45	–883
Benefits paid	–1,098	–199	–72	–1,369	–1,164	–236	–131	–1,531
Other	—	11	—	11	—	13	—	13
Closing balance, December 31	**18,998**	**2,068**	**657**	**21,723**	**19,610**	**2,055**	**734**	**22,399**

Reconciliation of change in fair value of plan assets

	2010				2009			
	Pension benefits	Healthcare benefits	Other post-employment benefits	Total	Pension benefits	Healthcare benefits	Other post-employment benefits	Total
Opening balance, January 1	**17,749**	**1,259**	**—**	**19,008**	**13,987**	**2**	**—**	**13,989**
Expected return on plan assets	1,140	90	—	1,230	935	—	—	935
Actuarial gains/losses	581	53	—	634	1,130	—	—	1,130
Settlements	—	—	—	—	–4	—	—	–4
Contributions by employer	626	192	72	890	3,418	1,545	131	5,094
Contributions by plan participants	41	21	—	62	44	25	—	69
Exchange differences on foreign plans	–974	–76	—	–1,050	–597	–77	—	–674
Benefits paid	–1,098	–199	–72	–1,369	–1,164	–236	–131	–1,531
Other	4	—	—	4	—	—	—	—
Closing balance, December 31	**18,069**	**1,340**	**—**	**19,409**	**17,749**	**1,259**	**—**	**19,008**

The pension plan assets include ordinary shares issued by AB Electrolux with a fair value of SEK 86m (75). In 2011, the Group expects to pay a total of SEK 667m in contributions to the funds and payments of benefits directly to the employees. In 2010, this amounted to SEK 890m, of which SEK 579m were contributions to the Group's pension funds.

Major categories of plan assets as a percentage of total plan assets

	December 31,	
%	**2010**	2009
European equities	16	10
North American equities	16	18
Other equities	10	11
European bonds	19	21
North American bonds	22	23
Alternative investments[1]	13	9
Property	3	4
Cash and cash equivalents	1	4
Total	**100**	**100**

1) Includes hedge funds and infrastructure investments.

Principal actuarial assumptions at balance-sheet date expressed as a weighted average

	December 31,	
%	**2010**	2009
Discount rate	5.2	5.2
Expected long-term return on assets	6.8	6.9
Expected salary increases	3.8	3.8
Annual increase of healthcare costs	8.0	8.5

- When determining the discount rate, the Group uses AA-rated corporate bond indexes which match the duration of the pension obligations. If no corporate bond is available, government bonds are used to determine the discount rate. In Sweden, mortgage bonds are used for determining the discount rate.
- Expected long-term return on assets is calculated by assuming that fixed-income holdings are expected to have the same return as ten-year corporate bonds. Equity holdings are assumed to return an equity-risk premium of 5% over ten-year government bonds. Alternative investments are assumed to return 4% over three-month Libor annually. The benchmark allocation for the assets is used when calculating the expected return, as this represents the long-term actual allocation.
- Expected salary increases are based on local conditions in each country.
- The assumed healthcare cost-trend rate has a significant effect on the amounts recognized in the profit or loss. A one-percentage point change in the assumed medical cost-trend rate would have the following effects:

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Cont. Note 22

Healthcare benefits sensitivity analysis

	2010		2009	
	One-percentage point increase	One-percentage point decrease	One-percentage point increase	One-percentage point decrease
Effect on aggregate of service cost and interest cost	11	–9	12	–10
Effect on defined benefit obligation	210	–181	202	–174

Amounts for annual periods

	December 31,				
	2010	2009	2008	2007	2006
Defined benefit obligation	–21,723	–22,399	–23,185	–20,597	–21,883
Plan assets	19,409	19,008	13,989	14,008	14,010
Surplus/deficit	–2,314	–3,391	–9,196	–6,589	–7,873
Experience adjustments on plan liabilities	425	222	217	–221	221
Experience adjustments on plan assets	634	1,130	–1,665	–38	121

Parent Company

According to Swedish accounting principles adopted by the Parent Company, defined benefit liabilities are calculated based upon officially provided assumptions, which differ from the assumptions used in the Group under IFRS. The pension benefits are secured by contributions to a separate fund or recorded as a liability in the balance sheet. The accounting principles used in the Parent Company's separate financial statements differ from the IFRS principles, mainly in the following:

- The pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the Swedish calculations is set by the Swedish Pension Foundation (PRI) and was 4.0% (4.0). The rate is the same for all companies in Sweden.
- Changes in the discount rate and other actuarial assumptions are recognized immediately in the profit or loss and the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

Change in present value of defined benefit pension obligation for funded and unfunded obligations

	Funded	Unfunded	Total
Opening balance, January 1, 2009	**1,179**	**356**	**1,535**
Current service cost	9	21	30
Interest cost	51	16	67
Other increase of present value	25	28	53
Benefits paid	–47	–47	–94
Closing balance, December 31, 2009	**1,217**	**374**	**1,591**
Current service cost	31	13	44
Interest cost	62	19	81
Other decrease of present value	—	—	—
Benefits paid	–44	–36	–80
Closing balance, December 31, 2010	**1,266**	**370**	**1,636**

Change in fair value of plan assets

	Funded
Opening balance, January 1, 2009	**1,257**
Actual return on plan assets	269
Contributions and compensation to/from the fund	61
Closing balance, December 31, 2009	**1,587**
Actual return on plan assets	110
Contributions and compensation to/from the fund	61
Closing balance, December 31, 2010	**1,758**

Amounts recognized in balance sheet

	December 31,	
	2010	2009
Present value of pension obligations	–1,636	–1,591
Fair value of plan assets	1,758	1,587
Surplus/deficit	**122**	**–4**
Limitation on assets in accordance with Swedish accounting principles	–492	–370
Net provisions for pension obligations	**–370**	**–374**
Whereof reported as provisions for pensions	–370	–374

Amounts recognized in income statement

	2010	2009
Current service cost	44	30
Interest cost	81	67
Total expenses for defined benefit pension plans	**125**	**97**
Insurance premiums	74	21
Total expenses for defined contribution plans	**74**	**21**
Special employer's contribution tax	46	39
Cost for credit insurance	1	2
Total pension expenses	**246**	**159**
Compensation from the pension fund	—	—
Total recognized pension expenses	**246**	**159**

The Swedish Pension Foundation

The pension liabilities of the Group's Swedish defined benefit pension plan (PRI pensions) are funded through a pension foundation established in 1998. The market value of the assets of the foundation amounted at December 31, 2010, to SEK 2,086m (1,882) and the pension commitments to SEK 1,505m (1,447). The Swedish Group companies recorded a liability to the pension fund as per December 31, 2010, in the amount of SEK 58m (73). Contributions to the pension foundation during 2010 amounted to SEK 73m (74) regarding the pension liability at December 31, 2008. No contributions have been made from the pension foundation to the Swedish Group companies in 2008, 2009 and 2010.

NOTE 23 Other provisions

	Group					Parent Company			
	Provisions for restructuring	Warranty commitments	Claims	Other	Total	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance, January 1, 2009	**1,738**	**1,790**	**1,102**	**2,035**	**6,665**	**55**	**150**	**57**	**262**
Provisions made	1,069	906	222	987	3,184	22	—	2	24
Provisions used	–939	–869	–246	–198	–2,252	–28	–10	–18	–56
Unused amounts reversed	–89	–32	—	–168	–289	–20	—	—	–20
Exchange-rate differences	–95	1	–62	127	–29	—	—	—	—
Closing balance, December 31, 2009	**1,684**	**1,796**	**1,016**	**2,783**	**7,279**	**29**	**140**	**41**	**210**
Of which current provisions	819	676	—	335	1,830	23	20	4	47
Of which non-current provisions	865	1,120	1,016	2,448	5,449	6	120	37	163
Opening balance, January 1, 2010	**1,684**	**1,796**	**1,016**	**2,783**	**7,279**	**29**	**140**	**41**	**210**
Provisions made	878	852	223	1,178	3,131	44	—	19	63
Provisions used	–588	–921	–211	–538	–2,258	–15	–8	–4	–27
Unused amounts reversed	–22	–65	—	–71	–158	—	—	—	—
Exchange-rate differences	–161	–107	–46	–157	–471	—	—	—	—
Closing balance, December 31, 2010	**1,791**	**1,555**	**982**	**3,195**	**7,523**	**58**	**132**	**56**	**246**
Of which current provisions	1,044	739	—	434	2,217	55	17	—	72
Of which non-current provisions	747	816	982	2,761	5,306	3	115	56	174

Provisions for restructuring represent the expected costs to be incurred as a consequence of the Group's decision to close some factories, rationalize production and reduce personnel, both for newly acquired and previously owned companies. The provisions for restructuring are only recognized when Electrolux has both a detailed formal plan for restructuring and has made an announcement of the plan to those affected by it at the balance-sheet date. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known. The larger part of the restructuring provisions as per December 31, 2010, will be used during 2011 and the first half of 2012.

Provisions for warranty commitments are recognized as a consequence of the Group's policy to cover the cost of repair of defective products. Warranty is normally granted for one to two years after the sale. Provisons for claims refer to the Group's captive insurance companies. Other provisions include mainly provisions for indirect tax, environmental liabilities, asbestos claims or other liabilities, none of which is material to the Group. The timing of any resulting outflows for provisions for claims and other provisions is uncertain.

NOTE 24 Other liabilities

	Group December 31,		Parent Company December 31,	
	2010	2009	2010	2009
Accrued holiday pay	812	884	153	145
Other accrued payroll costs	1,390	1,697	229	222
Accrued interest expenses	68	74	52	73
Prepaid income	286	260	—	—
Other accrued expenses	5,385	5,860	648	503
Other operating liabilities	2,966	2,460	—	—
Total	**10,907**	**11,235**	**1,082**	**943**

Other accrued expenses include accruals for fees, advertising and sales promotion, bonuses, extended warranty, and other items. Other operating liabilities include VAT and other items.

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NOTE 25 Contingent liabilities

	Group December 31,		Parent Company December 31,	
	2010	2009	**2010**	2009
Trade receivables, with recourse	—	—	—	—
Guarantees and other commitments				
On behalf of subsidiaries	—	—	1,448	1,641
On behalf of external counterparties	1,062	1,185	154	171
Employee benefits in excess of reported liabilities	—	—	6	6
Total	**1,062**	**1,185**	**1,608**	**1,818**

The main part of the total amount of guarantees and other commitments on behalf of external counterparties is related to US sales to dealers financed through external finance companies with a regulated buy-back obligation of the products in case of dealer's bankruptcy.

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.

Asbestos litigation in the US

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2010, the Group had a total of 2,800 (2,818) cases pending, representing approximately 3,050 (approximately 3,120) plaintiffs. During 2010, 842 new cases with 842 plaintiffs were filed and 860 pending cases with approximately 915 plaintiffs were resolved.

The Group reached an agreement in 2007 with many of the insurance carriers that issued general liability insurance to certain predecessors of the Group who manufactured industrial products, some of which are alleged to have contained asbestos. Under this agreement the insurance carriers have agreed to reimburse the Group for a portion of the past and future costs incurred in connection with asbestos-related lawsuits for such products. The term of the agreement is indefinite but subject to termination upon 60 days notice. If terminated, all parties would be restored to all of their rights and obligations under the affected insurance policies.

Additional lawsuits may be filed against Electrolux in the future. It is not possible to predict either the number of future claims or the number of plaintiffs that any future claims may represent. In addition, the outcome of asbestos claims is inherently uncertain and always difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of claims will not have a material adverse effect on its business or on results of operations in the future.

NOTE 26 Acquired and divested operations

	Divestments	
	2010	2009
Fixed assets	3	4
Inventories	—	—
Receivables	31	—
Other current assets	11	17
Liquid funds	—	5
Loans	—	—
Other liabilities and provisions	–19	–17
Net assets	**26**	**9**
Sales price	7	9
Net borrowings in acquired/divested operations	—	–5
Effect on Group cash and cash equivalents	**7**	**4**

On September 9, 2010, an agreement to sell Baring Industries Division in USA, a unit in the Professional Products business area, was concluded. The divestment was made close to book value of the transferred net assets. An additional consideration of SEK14m will be received in 2011.

On August 1, 2009, all shares in Distriparts Deutschland GmbH in Germany were divested. The divestment was made at book value.

NOTE 27 Employees and remuneration

Employees and employee benefits

In 2010, the average number of employees was 51,544 (50,633), of whom 33,748 (32,955) were men and 17,796 (17,678) women.

A detailed specification of the average number of employees by country has been submitted to the Swedish Companies Registration Office and is available on request from AB Electrolux, Investor Relations and Financial Information. See also Electrolux website www.electrolux.com/ir, Company overview.

Average number of employees, by geographical area

	Group	
	2010	2009
Europe	23,030	25,292
North America	10,076	10,384
Rest of world	18,438	14,957
Total	**51,544**	**50,633**

Salaries, other remuneration and employer contributions

	2010			2009		
	Salaries and remuneration	Employer contributions	Total	Salaries and remuneration	Employer contributions	Total
Parent Company	831	575	1,406	764	562	1,326
(whereof pension costs)	—	(246)[1]	(246)[1]	—	(159)[1]	(159)[1]
Subsidiaries	11,847	3,122	14,969	12,398	3,477	15,875
(whereof pension costs)	—	(495)	(495)	—	(718)	(718)
Total Group	**12,678**	**3,697**	**16,375**	**13,162**	**4,039**	**17,201**
(whereof pension costs)	—	(741)	(741)	—	(877)	(877)

1) Includes SEK 12m (14), referring to the President and his predecessors.

Salaries and remuneration by geographical area for Board members, senior managers and other employees

	2010			2009		
	Board members and senior managers	Other employees	Total	Board members and senior managers	Other employees	Total
Sweden						
Parent Company	44	787	831	48	716	764
Other	8	214	222	8	201	209
Total Sweden	**52**	**1,001**	**1,053**	**56**	**917**	**973**
EU, excluding Sweden	75	5,057	5,132	99	5,797	5,896
Rest of Europe	26	766	792	10	768	778
North America	21	3,084	3,105	18	3,360	3,378
Latin America	46	1,442	1,488	35	1,094	1,129
Asia	17	375	392	14	326	340
Pacific	4	689	693	4	641	645
Africa	1	22	23	2	21	23
Total outside Sweden	**190**	**11,435**	**11,625**	**182**	**12,007**	**12,189**
Group total	**242**	**12,436**	**12,678**	**238**	**12,924**	**13,162**

Of the Board members in the Group, 83 were men and 16 women, of whom 7 men and 5 women in the Parent Company. Senior managers in the Group consisted of 82 men and 23 women, of whom 9 men and 3 women in the Parent Company. The total pension cost for Board members and senior managers in the Group amounted to 33m (37) in 2010.

Cont. Note 27

Employee absence due to illness

%	2010 Employees in the Parent Company	2010 All employees in Sweden	2009 Employees in the Parent Company	2009 All employees in Sweden
Absence due to illness, as % of total normal working hours	**4.8**	**4.2**	**5.2**	**4.9**
Of which 60 days or more	45.3	44.8	52.5	52.2
Absence due to illness, by category[1)]				
Women	6.6	6.1	7.7	7.0
Men	3.3	3.1	3.7	3.8
29 years or younger	1.8	1.9	2.4	2.3
30–49 years	4.5	4.1	5.3	5.0
50 years or older	5.5	5.0	5.8	5.4

1) % of total normal working hours within each category, respectively.

In accordance with the regulations in the Swedish Annual Accounts Act, in effect as of July 1, 2003, absence due to illness for employees in the Parent Company and the Group in Sweden is reported in the table above. The Parent Company comprises the Group's head office as well as a number of units and plants, and employs approximately 75% of the Group's workforce in Sweden.

Compensation to the Board of Directors

The Annual General Meeting (AGM) determines the total compensation to the Board of Directors for a period of one year until the next AGM. The compensation is distributed between the Chairman, Deputy Chairman, other Board Members and remuneration for committee work. The Board decides the distribution of the committee fee between the committee members. Compensation is paid out in advance each quarter. Compensation paid in 2010 refers to one fourth of the compensation authorized by the AGM in 2009, and three fourths of the compensation authorized by the AGM in 2010. Total compensation paid in cash in 2010 amounted to SEK 4,617k, of which SEK 4,017k referred to ordinary compensation and SEK 600k to committee work. The Board member Hasse Johansson was paid a fee of SEK 15,000 for consultancy services relating to the Groups work on modularization.

Compensation to Board members 2010

'000 SEK	Ordinary compen-sation	Compen-sation for committee work	Total compen-sation
Marcus Wallenberg, Chairman	1,600	55	1,655
Peggy Bruzelius, Deputy Chairman	550	200	750
Lorna Davis (as from the AGM 2010)	356	—	356
Hasse Johansson	475	—	475
John S. Lupo	475	—	475
Johan Molin	475	55	530
Hans Stråberg, President	—	—	—
Caroline Sundewall	475	85	560
Torben Ballegaard Sørensen	475	85	560
Barbara Milian Thoralfsson	475	120	595
Ola Bertilsson	—	—	—
Gunilla Brandt	—	—	—
Ulf Carlsson	—	—	—
Total compensation 2010	**5,356**	**600**	**5,956**
Revaluation of synthetic shares from previous assignment period	849	—	849
Total compensation cost 2010 including revaluation of synthetic shares	**6,205**	**600**	**6,805**

Synthetic shares

The AGM in 2010 decided that a part of the fees to the Board of Directors should be payable in synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the stock-market value of a B-share in Electrolux at the time of payment. In accordance with the fee structure laid down by the AGM, the Directors have for the 2010/2011 term of office been given the choice of receiving 25% or 50% of the fees for the Board assignment in synthetic shares. The remaining part of the fees to the Directors is paid in cash. Foreign Directors have been able to elect to receive 100% of the fee in cash. The synthetic shares entail a right to payment, in the year 2015, of a cash amount per synthetic share corresponding to the price for a B-share in Electrolux at the time of payment. Should a Director's assignment end not later than four years after the time of allocation, cash settlement may instead take place during the year after the assignment came to an end. The elections made by the Directors mean that on average 25% of the fees for the Board assignment for 2010/2011 is allocated in the form of (in total) 7,374 synthetic shares. At the end of 2010, a total of 34,465 (26,519) synthetic shares were outstanding, having a total value of SEK 6.6m (4.4). The accrued value of the synthetic shares has been calculated as the number of synthetic shares times the volume weighted average price of a B-share in Electrolux as of December 31, 2010. The cost from revaluation of synthetic shares during 2010, was SEK 0.8m. No cash settlements took place in 2010.

Remuneration Committee

The working procedures of the Board of Directors stipulate that remuneration to the President be proposed by a Remuneration Committee. The Committee comprises the Chairman of the Board and two additional Directors. During 2010, the Committee members were Barbara Milian Thoralfsson (Chairman), Marcus Wallenberg and Johan Molin.

The Remuneration Committee establishes principles for remuneration for the President and the other members of Group Management, subject to subsequent approval by the AGM. Proposals on the President's remuneration submitted by the Remuneration Committee to the Board include targets for variable compensation, the relationship between fixed and variable salary, changes in fixed or variable salary, criteria for assessment of long-term variable salary, pensions and other benefits. The Remuneration Committee resolves on the above subjects for members of the Group Management on proposal by the President.

A minimum of two meetings are convened each year and additional meetings are held when needed. Eight meetings were held during 2010.

Remuneration guidelines for Group Management

The AGM in 2010 approved the proposed remuneration guidelines. These guidelines are described below.

The overall principles for compensation within Electrolux are tied strongly to the position held, individual as well as team performance, and competitive compensation in the country or region of employment.

The overall compensation package for higher-level management comprises fixed salary, variable salary based on short-term and long-term performance targets, and benefits such as pensions and insurance.

Electrolux strives to offer fair and competitive total compensation with an emphasis on "pay for performance". Variable compensation represents a significant proportion of total compensation for higher-level management. Total compensation is lower if targets are not achieved.

The Group has a uniform program for variable salary for management and other key positions. Variable salary is based on financial targets and may include non-financial targets for certain positions. Each job level is linked to a minimum and a maximum level for variable salary, and the program is capped.

Since 2004, Electrolux has long-term performance-share programs for approximately 160 senior managers of the Group. The 2003 option program expired during the year. For more information, see page 69.

Compensation and terms of employment for the President

The compensation package for the President comprises fixed salary, variable salary based on annual targets, a long-term performance-share program and other benefits such as pensions and insurance.

For the new President, the annualized base salary for 2011 has been set at SEK 9,870,000 (fixed USD amount 1,450,000). It will not be reviewed until January 1, 2013.

The variable salary is based on annual financial targets for the Group. Each year, a performance range is determined with a minimum and a maximum. If the performance outcome for the year is below or equal to the minimum level, no pay out will be made. If the performance outcome is at or above the maximum, pay out is capped at 100% of the annualized base salary. If the performance outcome is between minimum and maximum, the pay out shall be determined on a linear basis.

The President participates in the Group's long-term performance programs. For more information on these programs, see below.

The notice period for the company is 12 months, and for the President 6 months. The President is entitled to 12 months severance pay based on base salary. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the President provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

The President is employed on a US employment contract and has been assigned to Sweden. A specific support package is provided to him under the Group's International Assignment Policy, that includes amongst others relocation support, tax filing support, as well as various allowances that are provided to expatriates within the Group under the policy.

Pensions for the President

The President is covered by the pension plans in place with his US employer for old age, disability and death benefits. The retirement age for the President is 65. The President is entitled to a fixed defined annual contribution of SEK 5,445,000 (USD 800,000) that is paid towards the employer's pension plans (401(k), excess 401(k) and Supplemental Defined Contribution Plan).

The capital value of pension commitments for the President in 2010, prior Presidents, and survivors is SEK 155m (148).

Compensation and terms of employment for other members of Group Management

Like the President, other members of Group Management receive a compensation package that comprises fixed salary, variable salary based on annual targets, long-term performance-share programs and other benefits such as pensions and insurance.

Base salary is revised annually per January 1. The average base salary increase for members of Group Management in 2010 was 3.5% (0).

Variable salary in 2010 is based on financial targets on sector and Group level. Variable salary for sector heads varies between a minimum (no pay out) and a maximum of 100% of annual salary, which is also the cap. The US-based members of Group Management have 100% as midpoint and a maximum of 150%.

Group staff heads receive variable salary that varies between a minimum (no pay out) and a maximum of 80%, which is also the cap.

During 2010 final payments were made for retention agreements relating to variable compensation based on achieved financial targets during the years 2007-2009 and for 2008-2010, as well as for recruitment compensation. The total sum paid in 2010 was SEK 20.6m. There are no further extraordinary arrangements outstanding for either retention or recruitment purposes.

The members of Group Management participate in the Group's long-term performance programs. These programs comprise the performance-share program introduced in 2004 as well as previous option programs. For more information on these programs, see below.

Certain members of Group Management are entitled to 12 months severance pay based on base salary. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the Group Management member provided serious breach of contract on

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the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

The Swedish members of Group Management are not eligible for fringe benefits such as company cars. For members of Group Management employed outside of Sweden, varying fringe benefits and conditions may apply, depending upon the country of employment.

Pensions for other members of Group Management

The earliest retirement age is 60 for members of Group Management.

Members of Group Management employed in Sweden are covered by the Alternative ITP plan, as well as a supplementary plan.

The Alternative ITP plan is a defined contribution plan where the contribution increases with age. The contribution is between 20% and 35% of pensionable salary, between 7.5 and 30 income base amounts. Provided that the member retains the position until age 60, the company will finalize outstanding premiums in the alternative ITP plan. The contribution to the supplementary plan is 35% of pensionable salary above 20 income base amounts.

Certain Swedish members are covered by a closed supplementary plan in which contributions equal 35% of the pensionable salary. They are also entitled to individual additional contributions.

Electrolux provides disability benefits equal to 70% of pensionable salary less disability benefits from other sources. Electrolux also provides survivor benefits equal to the highest of the accumulated capital for retirement or 250 income base amounts.

The pensionable salary is calculated as the current fixed salary including vacation pay plus the average variable salary for the last three years. Accrued capital is subject to a real rate of return of 3.5% per year.

For members of Group Management employed outside of Sweden, varying pension terms and conditions apply, depending upon the country of employment.

Compensation paid to Group Management

	2010					2009				
'000 SEK	Annual fixed salary[1]	Variable salary paid 2010[2]	**Total salary**	Long-term PSP (value of shares awarded)	Other remuneration[3]	Annual fixed salary[1]	Variable salary paid 2009[2]	**Total salary**	Long-term PSP (value of shares awarded)	Other remuneration[3]
President	9,593	9,460	**19,053**	—	—	9,081	1,204	**10,285**	—	—
Other members of Group Management[4]	49,928	47,694	**97,622**	—	22,901	44,711	15,015	**59,726**	—	12,731
Total	**59,521**	**57,154**	**116,675**	—	**22,901**	**53,792**	**16,219**	**70,011**	**—**	**12,731**

1) The annual fixed salary includes vacation salary, paid vacation days and travel allowance.

2) The actual variable salary paid in a year refers to the previous year's performance.

3) Includes conditional variable compensation, severance payment and other benefits as housing and company car.

4) In 2010, other members of Group Management comprised of 11 people. In 2009, other members of Group Management comprised of 10 people with the exception of the period from May 1 to June 12, when the position of Head of Professional Products was vacant, and 11 people from August 4, after the appointment of the Chief Operations Officer Major Appliances.

Compensation cost incurred for Group Management

	2010						2009					
'000 SEK	Annual fixed salary	Variable salary incurred 2010 but paid 2011	Long-term PSP (cost)[1]	Other remuneration[2]	Total pension contribution[3]	Social contribution	Annual fixed salary	Variable salary incurred 2009 but paid 2010	Long-term PSP (cost)[1]	Other remuneration[2]	Total pension contribution	Social contribution
President	9,593	9,680	–891	—	5,795	6,014	9,081	9,460	891	—	7,650	5,034
Other members of Group Management	50,144	52,425	11,781	—	66,820	10,586	44,711	49,408	3,046	7,625	22,582	8,969
Total	**59,737**	**62,105**	**10,890**	—	**72,615**	**16,600**	**53,792**	**58,868**	**3,937**	**7,625**	**30,232**	**14,003**

1) Cost for share-based incentive programs are accounted for according to IFRS 2, Share-based payments. When the expected cost of the program is reduced, the previous recorded cost is reversed and an income is recorded in the income statement. The cost includes social contribution cost for the program.

2) Includes conditional variable compensation and other benefits as housing and company car.

3) Includes SEK 45m in one-time pension contribution for Keith McLoughlin in his role as Chief Operations Officer Major Appliances and previously Head of Major Appliances North America. The contribution is a result of changed remuneration terms for Mr McLoughlin and refers to his services before accepting the role as Chief Executive Officer.

Share-based compensation

Over the years, Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the company's share price. They have been designed to align management incentives with shareholder interests. All programs are equity-settled.

2003 option programs

In 2003, a stock option plan for employee stock options was introduced for less than 200 senior managers. The options could be used to purchase Electrolux B-shares at an exercise price that was 10% above the average closing price of the Electrolux B-shares on the exchange Nasdaq OMX Stockholm during a limited period prior to allotment. The options were granted free of consideration. The program expired on May 8, 2010.

Change in number of options per program

	Number of options 2009					Number of options **2010**			
Program	January 1, 2009	Exercised	Forfeited[1)]	Expired[1)]	December 31, 2009	Exercised[2)]	Forfeited[1)]	Expired[1)]	December 31, 2010
2003	301,890	189,549	—	—	112,341	112,331	—	10	—

1) Options expire when they are not exercised post vesting period, e.g., due to expiration at the end of the term of the options or earlier, because of termination of employment after vesting. Forfeiture is when the employees fail to satisfy the vesting condition, e.g., termination of employment before vesting period. Forfeiture is governed by the provisions of the option plan.
2) The weighted average share price for exercised options is SEK 181.76.

Options provided to Group Management

	Number of options			
	Beginning of **2010**	Expired	Exercised	End of **2010**
President	30,000	—	30,000	—
Other members of Group Management	9,390	—	9,390	—
Total	**39,390**	**—**	**39,390**	**—**

Performance-share programs 2008, 2009 and 2010

The Annual General Meeting in 2010 approved an annual long-term incentive program. The program is in line with the Group's principles for remuneration based on performance, and is an integral part of the total compensation for Group Management and other senior managers. Electrolux shareholders benefit from this program since it facilitates recruitment and retention of competent executives and aligns management interest with shareholder interest as the participants invest in Electrolux B-shares.

Under the 2010 program, the allocation is determined by two main factors. First, the participant should invest in Electrolux B-shares through a purchase in the open market. The personal investment should be equal in value to 10% to 15% of the maximum program value. Each purchased share will be matched with one share at the end of the program by the company. The second factor is that allocation is determined by average annual growth in earnings per share. If the minimum level is reached, the allocation will amount to 25% of maximum number of shares. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the average annual growth be below the maximum but above the minimum, a proportionate allocation will be made. The shares will be allocated after the three-year period free of charge.

Participants are permitted to sell the allocated shares to cover personal income tax arising from the share allocation. For the 2008 and 2009 programs, the remaining shares must be held for another two years; for the 2010 program this additional requirement is not applicable.

If a participant's employment is terminated during the performance period, the right to receive shares will be forfeited in full. In the event of death, divestiture or leave of absence for more than six months, this will result in a reduced award for the affected participant.

All programs cover almost 160 senior managers and key employees in about 20 countries. Participants in the program comprise five groups, i.e., the President, other members of Group Management, and three groups of other senior managers. All programs comprise B-shares.

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Number of potential shares per category and year

	2010 Maximum number of B-shares[1]	2009 Maximum number of B-shares[1]	2008 Maximum number of B-shares[1]	**2010** Maximum value, SEK[2) 3)]	2009 Maximum value, SEK[2) 3)]	2008 Maximum value, SEK[2) 3)]
President	29,654	54,235	58,552	5,000,000	5,000,000	5,000,000
Other members of Group Management	10,676	19,525	21,079	1,800,000	1,800,000	1,800,000
Other senior managers, cat. C	8,007	14,644	15,809	1,350,000	1,350,000	1,350,000
Other senior managers, cat. B	5,338	9,763	10,540	900,000	900,000	900,000
Other senior managers, cat. A	4,004	7,322	7,905	675,000	675,000	675,000

1) Each value is converted into a number of shares. The number of shares is based on a share price of SEK 85.39 for 2008, SEK 92.19 for 2009 and SEK 168.62 for 2010, calculated as the average closing price of the Electrolux B-share on the Nasdaq OMX Stockholm during a period of ten trading days before the day participants were invited to participate in the program, adjusted for net present value of dividends for the period until shares are allocated. The recalculated weighted average fair value of shares at grant for the 2008, 2009 and 2010 programs is SEK 105.28 per share. One member of Group Management is entitled to a cash-settled share-based program instead of the share-settled program 2010. The value of the program is equal to the program for other members of Group Management and the main difference is that the program is settled in cash rather than Electrolux shares. This is due to legal restrictions in foreign share ownership in the country of residence for the individual in question.
2) Total maximum value for all participants at grant is SEK 146m for the 2008 and 2009 programs and SEK 168m for the performance-share program 2010.
3) The 2008 program did not meet its financial targets and no shares were distributed. The 2009 program is expected to meet the maximum level. The current expectation is that the performance of the 2010 program will be approximately at midpoint.

If performance is in the middle, i.e., beween minimum and maximum, the total cost for the 2010 performance share program over a three-year period is estimated at SEK 130m, including costs for employer contributions. If the maximum level is attained, the cost is estimated at a maximum of SEK 222m. The distribution of shares under this program will result in an estimated maximum increase of 0.5% in the number of outstanding shares.

For 2010, the long-term incentive (LTI) programs resulted in a cost of SEK 85m (including SEK 25m in employer contribution cost) compared to a cost of SEK 28m in 2009 (including SEK 8m in employer contribution cost). The total provision for employer contribution in the balance sheet amounted to SEK 37m (8).

Repurchased shares for LTI programs

The company uses repurchased Electrolux B-shares to meet the company's obligations under the share programs. The shares will be distributed to share-program participants if performance targets are met. Electrolux intends to sell additional shares on the market in connection with the distribution of shares under the program in order to cover the payment of employer contributions.

Delivery of shares for the 2007 program

The 2007 performance-share program did not meet the entry level and no shares were distributed.

NOTE 28 Fees to auditors

PricewaterhouseCoopers (PwC) are appointed auditors for the period until the 2014 Annual General Meeting.

	Group		Parent Company	
	2010	2009	**2010**	2009
PwC				
Audit fees[1)]	46	51	8	9
Audit-related fees[2)]	1	3	1	—
Tax fees[3)]	6	3	1	—
All other fees	22	5	19	4
Total fees to PwC	**75**	**62**	**29**	**13**
Audit fees to other audit firms	1	1	—	—
Total fees to auditors	**76**	**63**	**29**	**13**

1) Audit fees consist of fees for the annual audit-services engagement and other audit services, which are those services that only the external auditors reasonably can provide, and include the Company audit; statutory audits; comfort letters and consents; and attest services.
2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards; internal control reviews; and employee benefit plan audits. Audit-related fees also include review of interim report.
3) Tax fees include fees for tax compliance services, including the preparation of original and amended tax returns and claims for refund; tax consultations; tax advice related to mergers and acquisitions; transfer pricing; requests for rulings or technical advice from taxing authorities; tax-planning services; and expatriate tax planning and services.

NOTE 29 Shares and participations

Participation in associated companies

	2010	2009
Opening balance, January 1	**19**	**27**
Acquisitions	—	—
Operating result	—	1
Dividend	—	—
Tax	—	—
Divestment	—	–8
Other	–2	–1
Exchange difference	—	—
Closing balance, December 31	**17**	**19**

Companies classified as assets available for sale

	Holding, %	Carrying amount
Videocon Industries Ltd., India	2.9	293

Participation in associated companies at December 31, 2010, includes goodwill with the amount of SEK 2m (2).

The Group's share of the associated companies, all of which are unlisted, were at December 31, 2010, as follows:

Associated companies

	2010									
			Relation to Electrolux[1]				Income statement		Balance sheet	
	Partici-pation, %	Carrying amount	Receiv-ables	Liabilities	Sales	Pur-chases	Income	Net results	Total assets	Total liabilities
Sidème, France	39.3	13	44	—	241	3	525	–1	182	151
European Recycling Platform, ERP, France	24.5	4	—	51	—	83	23	3	246	232
Total	**—**	**17**	**44**	**51**	**241**	**86**	**548**	**2**	**428**	**383**

1) From Electrolux perspective.

The Group's share of the associated companies, all of which are unlisted, were at December 31, 2009, as follows:

	2009									
			Relation to Electrolux[1]				Income statement		Balance sheet	
	Partici-pation,%	Carrying amount	Receiv-ables	Liabilities	Sales	Pur-chases	Income	Net results	Total assets	Total liabilities
Sidème, France	39.3	16	85	—	336	—	711	1	210	176
European Recycling Platform, ERP, France	24.5	3	—	56	—	93	164	3	273	258
Total	**—**	**19**	**85**	**56**	**336**	**93**	**875**	**4**	**483**	**434**

1) From Electrolux perspective.

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Subsidiaries		Holding, %
Major Group companies		
Australia	Electrolux Home Products Pty. Ltd	100
Austria	Electrolux Hausgeräte G.m.b.H.	100
	Electrolux CEE G.m.b.H.	100
Belgium	Electrolux Home Products Corporation N.V.	100
	Electrolux Belgium N.V.	100
Brazil	Electrolux do Brasil S.A.	100
Canada	Electrolux Canada Corp.	100
China	Electrolux (Hangzhou) Domestic Appliances Co. Ltd	100
	Electrolux (China) Home Appliance Co. Ltd	100
Denmark	Electrolux Home Products Denmark A/S	100
Finland	Oy Electrolux Ab	100
France	Electrolux France SAS	100
	Electrolux Home Products France SAS	100
	Electrolux Professionnel SAS	100
Germany	Electrolux Deutschland GmbH	100
	Electrolux Rothenburg GmbH Factory and Development Germany	100
Hungary	Electrolux Lehel Hütögépgyár Kft	100
Italy	Electrolux Appliances S.p.A.	100
	Electrolux Professional S.p.A.	100
	Electrolux Italia S.p.A.	100
Luxembourg	Electrolux Luxembourg S.à r.l.	100
Mexico	Electrolux de Mexico, S.A. de CV	100
The Netherlands	Electrolux Associated Company B.V.	100
	Electrolux Home Products (Nederland) B.V.	100
Norway	Electrolux Home Products Norway AS	100
Poland	Electrolux Poland Spolka Z.o.o.	100
Spain	Electrolux Home Products España S.A.	100
	Electrolux Home Products Operations España S.L.	100
Sweden	Electrolux Laundry Systems Sweden AB	100
	Electrolux HemProdukter AB	100
	Electrolux Professional AB	100
	Electrolux Floor Care and Small Appliances AB	100
Switzerland	Electrolux AG	100
United Kingdom	Electrolux Plc	100
	Electrolux Professional Ltd	100
USA	Electrolux Home Products Inc.	100
	Electrolux North America, Inc.	100
	Electrolux Professional Inc.	100

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

NOTE 30 Definitions

Capital indicators

Annualized net sales
In computation of key ratios where capital is related to net sales, the latter are annualized and converted at year-end exchange rates and adjusted for acquired and divested operations.

Net assets
Total assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

Working capital
Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

Liquid funds
Liquid funds consist of cash on hand, bank deposits, fair-value derivatives, prepaid interest expenses and accrued interest income and other short-term investments, of which the majority has original maturity of three months or less.

Interest-bearing liabilities
Interest-bearing liabilities consist of short-term and long-term borrowings.

Total borrowings
Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

Net liquidity
Liquid funds less short-term borrowings, fair-value derivatives, accrued interest expenses and prepaid interest income and trade receivables with recourse.

Net borrowings
Total borrowings less liquid funds.

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

Equity/assets ratio
Equity as a percentage of total assets less liquid funds.

Earnings per share

Earnings per share
Income for the period divided by the average number of shares after buy-backs.

Other key ratios

Organic growth
Sales growth, adjusted for acquisitions, divestments and changes in exchange rates.

EBITDA margin
Operating income before depreciation and amortization expressed as a percentage of net sales.

Operating cash flow
Total cash flow from operations and investments, excluding acquisitions and divestment of operations.

Operating margin
Profit for the period expressed as a percentage of net sales.

Return on equity
Income for the period expressed as a percentage of average equity.

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 expenses.

Capital turnover rate
Net sales divided by average net assets.

Value creation
Value creation is the primary financial performance indicator for measuring and evaluating financial performance within the Group. The model links operating income and asset efficiency with the cost of the capital employed in operations. The model measures and evaluates profitability by region, business area, product line, or operation.

Value created is measured excluding items affecting comparability and defined as operating income less the weighted average cost of capital (WACC) on average net assets during a specific period. The cost of capital varies between different countries and business units due to country-specific factors such as interest rates, risk premiums, and tax rates.

A higher return on net assets than the weighted average cost of capital implies that the Group or the unit creates value.

Electrolux Value Creation model
Net sales
– Cost of goods sold
– Selling and administration expenses
+/– Other operating income and expenses
= Operating income, EBIT[1)]
– WACC x average net assets[1)]
= Value creation

EBIT = Earnings before interests and taxes, excluding items affecting comparability.
WACC = Weighted Average Cost of Capital. The WACC rate before tax is calculated at 13% for 2010 and 12% for 2009.

1) Excluding items affecting comparability.

Proposed distribution of earnings

	Thousands of kronor
The Board of Directors propose that income for the period and retained earnings	15,089,102
be distributed as follows:	
A dividend to the shareholders of SEK 6.50 per share[1], totaling	**1,850,324**
To be carried forward	13,238,778
Total	**15,089,102**

1) Calculated on the number of outstanding shares as per February 1, 2011. The Board of Directors and the President propose April 5, 2011 as record day for the right to dividend.

The Board of Directors has proposed that the Annual General Meeting 2011 resolves on a dividend to the shareholders of SEK 6.50 per share. On account hereof, the Board of Directors hereby makes the following statement according to Chapter 18 Section 4 of the Swedish Companies Act.

The Board of Directors finds that there will be full coverage for the restricted equity of the Company, after distribution of the proposed dividend.

It is the Board of Directors' assessment that after distribution of the proposed dividend, the equity of the Company and the Group will be sufficient with respect to the kind, extent, and risks of the operations. The Board of Directors has hereby considered, among other things, the Company's and the Group's historical development, the budgeted development and the state of the market. If financial instruments currently valued at actual value in accordance with Chapter 4 Section 14a of the Swedish Annual Accounts Act instead had been valued according to the lower of cost or net realizable value, including cumulative revaluation of external shares, the equity of the company would decrease by SEK 577,204 thousand.

After the proposed dividend, the financial strength of the Company and the Group is assessed to continue to be good in relation to the industry in which the Group is operating. The dividend will not affect the ability of the Company and the Group to comply with its payment obligations. The Board of Directors finds that the Company and the Group are well prepared to handle any changes in respect of liquidity, as well as unexpected events.

The Board of Directors is of the opinion that the Company and the Group have the ability to take future business risks and also cope with potential losses. The proposed dividend will not negatively affect the Company's and the Group's ability to make further commercially motivated investments in accordance with the strategy of the Board of Directors.

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, February 1, 2011

Marcus Wallenberg
Chairman of the Board of Directors

Peggy Bruzelius
Deputy Chairman of the Board of Directors

Lorna Davis
Board member

Hasse Johansson
Board member

John S. Lupo
Board member

Johan Molin
Board member

Caroline Sundewall
Board member

Torben Ballegaard Sørensen
Board member

Barbara Milian Thoralfsson
Board member

Ola Bertilsson
Board member, employee representative

Gunilla Brandt
Board member, employee representative

Ulf Carlsson
Board member, employee representative

Keith McLoughlin
President and Chief Executive Officer as from January 1, 2011

Audit report

To the Annual General Meeting of the shareholders of

AB Electrolux (publ)
Corporate identity number 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 2010. The company's annual accounts and the consolidated accounts are included in the printed version on pages 5–74. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards, IFRSs, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. 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 and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards, IFRSs, as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and 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 24, 2011
PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant
Partner in Charge

Björn Irle
Authorized Public Accountant

Eleven–year review

SEKm	2010	2009	2008	2007	2006
Net sales and income					
Net sales	106,326	109,132	104,792	104,732	103,848
Organic growth, %	1.5%	–4.8%	–0.9%	4.0	3.3
Depreciation and amortization	3,328	3,442	3,010	2,738	2,758
Items affecting comparability	–1,064	–1,561	–355	–362	–542
Operating income	5,430	3,761	1,188	4,475	4,033
Income after financial items	5,306	3,484	653	4,035	3,825
Income for the period	3,997	2,607	366	2,925	2,648
Cash flow					
EBITDA	9,822	8,764	4,553	7,575	7,333
Cash flow from operations excluding changes in operating assets and liabilities	7,741	6,378	3,446	5,498	5,263
Changes in operating assets and liabilities	–61	1,919	1,503	–152	–703
Cash flow from operations	7,680	8,297	4,949	5,346	4,560
Cash flow from investments	–4,474	–2,967	–3,755	–4,069	–2,386
of which capital expenditures	–3,221	–2,223	–3,158	–3,430	–3,152
Cash flow from operations and investments	3,206	5,330	1,194	1,277	2,174
Operating cash flow[2)]	3,206	5,330	1,228	1,277	1,110
Dividend, redemption and repurchase of shares	–1,120	69	–1,187	–6,708	–4,416
Capital expenditure as % of net sales	3.0	2.0	3.0	3.3	3.0
Margins[3)]					
Operating margin, %	6.1	4.9	1.5	4.6	4.4
Income after financial items as % of net sales	6.0	4.6	1.0	4.2	4.2
EBITDA margin, %	9.2	8.0	4.3	7.2	7.1
Financial position					
Total assets	73,521	72,696	73,323	66,089	66,049
Net assets	19,904	19,506	20,941	20,743	18,140
Working capital	–5,902	–5,154	–5,131	–2,129	–2,613
Trade receivables	19,346	20,173	20,734	20,379	20,905
Inventories	11,130	10,050	12,680	12,398	12,041
Accounts payable	17,283	16,031	15,681	14,788	15,320
Equity	20,613	18,841	16,385	16,040	13,194
Interest-bearing liabilities	12,096	14,022	13,946	11,163	7,495
Net borrowings	–709	665	4,556	4,703	–304
Data per share					
Income for the period, SEK	14.04	9.18	1.29	10.41	9.17
Equity, SEK	72	66	58	57	47
Dividend, SEK[4)]	6.50	4.00	—	4.25	4.00
Trading price of B-shares at year-end, SEK	191.00	167.50	66.75	108.50	137.00
Key ratios					
Value creation	3,772	2,884	–1,040	2,053	2,202
Return on equity, %	20.6	14.9	2.4	20.3	18.7
Return on net assets, %	27.8	19.4	5.8	21.7	23.2
Net assets as % of net sales[5)]	18.2	17.1	18.1	18.6	16.5
Trade receivables as % of net sales[5)]	17.7	17.7	17.9	18.3	19.1
Inventories as % of net sales[5)]	10.2	8.8	11.0	11.1	11.0
Net debt/equity ratio	–0.03	0.04	0.28	0.29	–0.02
Interest coverage ratio	12.64	7.54	1.86	7.49	6.13
Dividend as % of equity	9.0	6.0	—	7.5	8.5
Other data					
Average number of employees	51,544	50,633	55,177	56,898	55,471
Salaries and remuneration	12,678	13,162	12,662	12,612	12,849
Number of shareholders	57,200	52,000	52,600	52,700	59,500
Average number of shares after buy-backs, million	284.6	284.0	283.1	281.0	288.8
Shares at year end after buy-backs, million	284.7	284.4	283.6	281.6	278.9

1) Including outdoor products, Husqvarna, which was distributed to the Electrolux shareholders in June 2006.
2) Cash flow from divestments excluded. 3) Items affecting comparability are excluded. 4) 2010: Proposed by the Board. 5) Net sales are annualized.

2005	2005[1]	2004[1]	2003[1]	2002[1]	2001[1]	2000[1]	Compound annual growth rate, % 5 years	10 years
100,701	129,469	120,651	124,077	133,150	135,803	124,493	–3.9	–1.6
4.5	4.3	3.2	3.3	5.5	–2.4	3.7		
2,583	3,410	3,038	3,353	3,854	4,277	3,810		
–2,980	–3,020	–1,960	–463	–434	–141	–448		
1,044	3,942	4,807	7,175	7,731	6,281	7,602	6.6	–3.3
494	3,215	4,452	7,006	7,545	5,215	6,530	10.5	–2.1
–142	1,763	3,259	4,778	5,095	3,870	4,457	17.8	–1.1
6,607	10,372	9,805	10,991	12,019	10,699	11,860	–1.1	–1.9
5,266	8,428	7,140	7,150	9,051	5,848	8,639	–1.7	–1.1
–1 804	–1 888	1 442	–857	1,854	3,634	–2,540		
3,462	6,540	8,582	6,293	10,905	9,482	6,099	3.3	2.3
–4,485	–5,827	–5,358	–2,570	–1,011	1,213	–3,367		
–3,654	–4,765	–4,515	–3,463	–3,335	–4,195	–4,423	–7.5	–3.1
–1,023	713	3,224	3,723	9,894	10,695	2,732		
–653	1,083	3,224	2,866	7,665	5,834	2,552	24.2	2.3
–2,038	–2,038	–5,147	–3,563	–3,186	–3,117	–4,475		
3.6	3.7	3.7	2.8	2.5	3.1	3.6		
4.0	5.4	5.6	6.2	6.1	4.7	6.5		
3.4	4.8	5.3	6.0	6.0	3.9	5.6		
6.6	8.0	8.1	8.9	9.0	7.9	9.5		
	82,558	75,096	77,028	85,424	94,447	87,289	–2.3	–1.7
17,942	28,165	23,988	26,422	27,916	37,162	39,026	–6.7	–6.5
–3,799	–31	–383	4,068	2,216	6,659	9,368		
20,944	24,269	20,627	21,172	22,484	24,189	23,214	–4.4	–1.8
12,342	18,606	15,742	14,945	15,614	17,001	16,880	–9.8	–4.1
14,576	18,798	16,550	14,857	16,223	17,304	12,975	–1.7	2.9
	25,888	23,636	27,462	27,629	28,864	26,324	–4.5	–2.4
	8,914	9,843	12,501	15,698	23,183	25,398	6.3	–7.1
	2,974	1,141	–101	1,398	10,809	16,976		
–0.49	6.05	10.92	15.25	15.58	11.35	12.40	18.3	1.3
	88	81	89	87	88	77	–3.8	–0.6
7.50	7.50	7.00	6.50	6.00	4.50	4.00	–2.8	5.0
	206.50	152.00	158.00	137.50	156.50	122.50	–1.5	4.5
1,305	2,913	3,054	3,449	3,461	262	2,423		
	7.0	13.1	17.3	17.2	13.2	17.0		
5.4	13.0	17.5	23.9	22.1	15.0	19.6		
15.7	21.0	21.2	23.6	23.1	29.3	30.4		
18.3	18.1	18.2	18.9	18.6	19.1	18.1		
10.8	13.9	13.9	13.4	12.9	13.4	13.1		
	0.11	0.05	0.00	0.05	0.37	0.63		
	4.32	5.75	8.28	7.66	3.80	4.34		
	8.5	8.6	7.3	6.9	5.1	5.2		
57,842	69,523	72,382	77,140	81,971	87,139	87,128	–5.8	–5.1
13,987	17,033	17,014	17,154	19,408	20,330	17,241	–5.7	–3.0
60,900	60,900	63,800	60,400	59,300	58,600	61,400	–1.2	–0.7
291.4	291.4	298.3	313.3	327.1	340.1	359.1		
293.1	293.1	291.2	307.1	318.3	329.6	341.1		

Quarterly information

NET SALES AND INCOME

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	**2010**	**25,133**	**27,311**	**26,326**	**27,556**	**106,326**
	2009	25,818	27,482	27,617	28,215	109,132
Operating income	**2010**	**1,231**	**1,270**	**1,977**	**952**	**5,430**
	Margin, %	**4.9**	**4.7**	**7.5**	**3.5**	**5.1**
	2010[1]	**1,326**	**1,477**	**1,977**	**1,714**	**6,494**
	Margin, %	**5.3**	**5.4**	**7.5**	**6.2**	**6.1**
	2009	–386	1,052	2,290	805	3,761
	Margin, %	–1.5	3.8	8.3	2.9	3.4
	2009[1]	38	1,027	2,234	2,023	5,322
	Margin, %	0.1	3.7	8.1	7.2	4.9
Income after financial items	**2010**	**1,211**	**1,269**	**1,901**	**925**	**5,306**
	Margin, %	**4.8**	**4.6**	**7.2**	**3.4**	**5.0**
	2010[1]	**1,306**	**1,476**	**1,901**	**1,687**	**6,370**
	Margin, %	**5.2**	**5.4**	**7.2**	**6.1**	**6.0**
	2009	–493	932	2,244	801	3,484
	Margin, %	–1.9	3.4	8.1	2.8	3.2
	2009[1]	–69	907	2,188	2,019	5,045
	Margin, %	–0.3	3.3	7.9	7.2	4.6
Income for the period	**2010**	**911**	**1,028**	**1,381**	**677**	**3,997**
	2009	–346	658	1,631	664	2,607
Earnings per share[2]	**2010**	**3.20**	**3.61**	**4.85**	**2.38**	**14.04**
	2010[1]	**3.45**	**4.12**	**4.85**	**4.23**	**16.65**
	2009	–1.22	2.32	5.74	2.34	9.18
	2009[1]	0.21	2.23	5.55	5.57	13.56
Value creation	**2010**	**636**	**792**	**1,311**	**1,033**	**3,772**
	2009	–619	389	1,667	1,447	2,884

1) Excluding items affecting comparability.
2) Before dilution, based on average number of shares after buy-backs.

NUMBER OF SHARES BEFORE DILUTION

Number of shares after buy-backs, million	**2010**	**284.5**	**284.7**	**284.7**	**284.7**	**284.7**
	2009	283.6	284.1	284.3	284.4	284.4
Average number of shares after buy-backs, million	**2010**	**284.5**	**284.6**	**284.7**	**284.7**	**284.6**
	2009	283.6	283.9	284.2	284.4	284.0

ITEMS AFFECTING COMPARABILITY

Restructuring provisions, write-downs and capital gains/losses	**2010**	**–95**	**–207**	**—**	**–762**	**–1,064**
	2009	–424	25	56	–1,218	–1,561

NET SALES, BY BUSINESS AREA

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables Europe, Middle East and Africa	**2010**	**9,719**	**9,349**	**10,210**	**10,760**	**40,038**
	2009	10,568	10,452	11,322	11,731	44,073
Consumer Durables North America	**2010**	**7,995**	**10,027**	**8,353**	**7,401**	**33,776**
	2009	9,144	9,848	8,869	7,865	35,726
Consumer Durables Latin America	**2010**	**3,998**	**3,905**	**4,069**	**5,304**	**17,276**
	2009	2,625	3,326	3,813	4,401	14,165
Consumer Durables Asia/Pacific	**2010**	**1,912**	**2,298**	**2,192**	**2,434**	**8,836**
	2009	1,752	2,004	1,982	2,295	8,033
Professional Products	**2010**	**1,501**	**1,730**	**1,501**	**1,657**	**6,389**
	2009	1,727	1,850	1,629	1,923	7,129

OPERATING INCOME, BY BUSINESS AREA

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables Europe Middle East and Africa	**2010**	**620**	**504**	**1,014**	**565**	**2,703**
	Margin, %	**6.4**	**5.4**	**9.9**	**5.3**	**6.8**
	2009	160	300	1,014	875	2,349
	Margin, %	1.5	2.9	9.0	7.5	5.3
Consumer Durables North America	**2010**	**360**	**458**	**439**	**317**	**1,574**
	Margin, %	**4.5**	**4.6**	**5.3**	**4.3**	**4.7**
	2009	–177	498	705	450	1,476
	Margin, %	–1.9	5.1	7.9	5.7	4.1
Consumer Durables Latin America	**2010**	**220**	**237**	**231**	**392**	**1,080**
	Margin, %	**5.5**	**6.1**	**5.7**	**7.4**	**6.3**
	2009	50	142	318	368	878
	Margin, %	1.9	4.3	8.3	8.4	6.2
Consumer Durables Asia/Pacific	**2010**	**160**	**231**	**265**	**272**	**928**
	Margin, %	**8.4**	**10.1**	**12.1**	**11.2**	**10.5**
	2009	25	61	164	208	458
	Margin, %	1.4	3.0	8.3	9.1	5.7
Professional Products	**2010**	**91**	**207**	**202**	**243**	**743**
	Margin, %	**6.1**	**12.0**	**13.5**	**14.7**	**11.6**
	2009	105	165	173	225	668
	Margin, %	6.1	8.9	10.6	11.7	9.4
Common Group costs, etc.	**2010**	**–125**	**–160**	**–174**	**–75**	**–534**
	2009	–125	–139	–140	–103	–507
Total Group, excluding items affecting comparability	**2010**	**1,326**	**1,477**	**1,977**	**1,714**	**6,494**
	Margin, %	**5.3**	**5.4**	**7.5**	**6.2**	**6.1**
	2009	38	1,027	2,234	2,023	5,322
	Margin, %	0.1	3.7	8.1	7.2	4.9
Items affecting comparability	**2010**	**–95**	**–207**	—	**–762**	**–1,064**
	2009	–424	25	56	–1,218	–1,561
Total Group, including items affecting comparability	**2010**	**1,231**	**1,270**	**1,977**	**952**	**5,430**
	Margin, %	**4.9**	**4.7**	**7.5**	**3.5**	**5.1**
	2009	–386	1,052	2,290	805	3,761
	Margin, %	–1.5	3.8	8.3	2.9	3.4

Sustainability focus areas

By identifying and addressing the issues core to responsible business conduct, Electrolux is better positioned to minimize non-financial risk, understand its markets, spot trends in society and respond to the changing expectations of consumers.

Stakeholder perceptions of Electrolux as a trusted company and a valued brand are shaped to a considerable degree by how well Electrolux manages the environmental and social issues most relevant to its business and markets.

Identifying focus areas

Four areas are particularly important to Electrolux: ethical business practices and safe working conditions; climate change; responsible sourcing; and managing the Group's restructuring process. The issues were defined by gauging the opinions of stakeholders, including employees, governments, opinion leaders, business partners, investors and consumers. The outcome was combined with market intelligence, media reviews, and an analysis of significant impacts of products throughout their life cycle. Emerging priorities were then mapped against their impact on the business and reputation.

This process underpins the Group's reinforced and updated sustainability strategy, and guides its annual performance reporting.

Transparency builds trust

Being transparent about how the Group measures, manages and integrates these sustainability priorities into its business is an important part of the annual reporting process.

Electrolux has therefore developed a comprehensive, three-tiered approach to reporting on sustainability, including an extensive GRI report available on-line. Reporting focuses particularly on the four issues most relevant to the company, and is geared to the information needs of different stakeholders.

- **Annual report:** Sustainability information is integrated throughout this printed Annual Report. Written for mainstream shareholders and stakeholders, six pages are additionally dedicated to how sustainability issues are relevant to the business strategy, as well as goals and performance. See also Annual Report Part 1, pages 56–59.

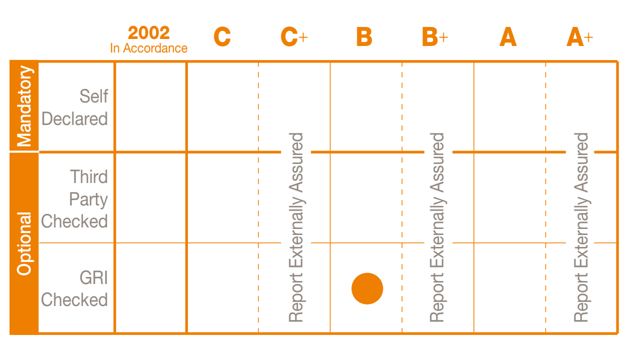
- **On-line annual report:** Built around a clickable GRI index, the sustainability performance review is integrated into the on-line Annual Report. It shows how Electrolux performs against recognized sustainability indicators in a broader context. It is designed for socially responsible investors and other sustainability professionals. View at: www.electrolux.com/annualreport2010

- **Sustainability strategy report:** Future InSight is an outlook report aimed at key audiences such as employees, retailers, customers and other business contacts. It is forward-looking, focusing on how environmental and social challenges are driving innovation and shaping strategies and partnerships.

The Electrolux 2010 sustainability performance review includes information provided in the printed annual report and the comprehensive on-line report available at www.electrolux.com/annualreport2010

GRI Application Level B

Electrolux has reported its sustainability performance in accordance with the GRI's Application Level B, self-declared and GRI-checked. This includes information provided both in this printed annual report and on-line.



1 An ethical business and safe workplaces

Building a responsible company starts with safe workplaces, mutual respect and common values. To reflect this, Electrolux is founded on the guiding principles of ethics, integrity, respect, diversity, safety and sustainability. These are embedded in the governance structure through the Code of Conduct, related policies and management practices.

Training, measuring and monitoring

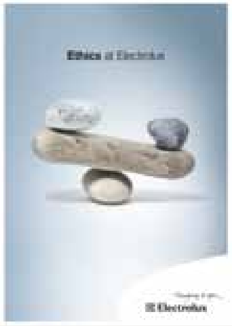
Target-setting, data collection, training, employee appraisals and surveys help ensure that Electrolux lives up to its guiding principles. Moreover, the company monitors compliance to codes and policies. Of 20 plants located in risk-defined regions, 11 (10) were audited by third party for compliance.

In 2010, Our Electrolux, the Group's vison and values program was reinforced across the company through integration into leadership programs and through 700 workshops with 8,000 employees taking part. A revised employee engagement survey, which gauges how the corporate culture reflects the Group's values, was also introduced. It will be conducted on a regular basis.

An ethics program was developed to enhance employee understanding of Group expectations for personal and corporate ethical accountability. The program includes an ethics hotline operated by a third party where employees can anonymously and confidentially register incidents of non-compliance to codes and policies.

Safety net

With the objective to operate 25% of Group manufacturing facilities at best practice levels by 2016, a global health and safety management system has been developed and short-term targets set for OHS. The program encompasses monthly safety statistics from every manufacturing facility, employee surveys to gauge perception of performance, as well as defined minimum standards for high-risk activities and emergency response programs. The global total case incident rate (TCIR) decreased by 21%, while the workdays lost due to injuries increased with 1%.



The Ethics at Electrolux Program was developed during 2010, with group-wide roll-out throughout 2011.

A global company built on diversity

Electrolux aims to attract people that reflect the Group's global market and consumer base. This will be an area that requires continued improvement, particularly in finding gender balance. Female representation among senior management teams is 14% (15).

Stakeholder insights

The International Framework Agreement, signed in 2010 with the union IF Metall and based on the Electrolux Code of Conduct, underlines that the company is serious about maintaining the same high standards for human rights, health and safety and environment globally. To gain better insights into expectations on the business, in 2011, Electrolux aims to further develop its process for stakeholder dialog that is better integrated into business strategies.

2 Climate challenge

Climate change is an issue of key importance to Electrolux and the biggest carbon impact occurs during use of appliances. Making energy-smart products and raising consumer awareness of the role these can play in tackling climate change is therefore essential. It makes good business sense, too, as products with outstanding environmental performance generate higher profits. In 2010, sales of the Group's green ranges, consisting of the most energy and water-efficient appliances, accounted for 22% of sold units and 35% of gross profit.

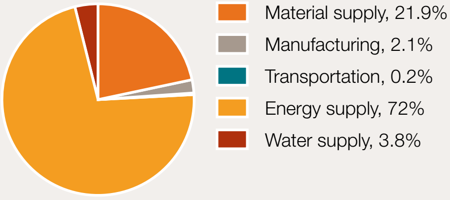
Three-part climate strategy

Electrolux has a three-part strategy to help tackle climate change: climate-smart products; raising consumer awareness and improving operational efficiency.

In terms of direct carbon footprint, Electrolux has a target to cut energy in operations, with an absolute reduction of 28% by 2012 compared to 2005. As of 2010, 173,000 tons less carbon were emitted than in 2005, and an accumulated 25% reduction was achieved. Reducing energy also cuts costs. When fully achieving the target, Electrolux will save approximately SEK 200m a year compared to 2005 energy costs.

Meeting the Group's climate ambitions also requires long-term alliances. An example that illustrates the Group's partnership approach is Sweden's Royal Seaport urban development project. Together with the City of Stockholm, ABB, Ericsson, and energy company Fortum, Electrolux is pioneering a smart-grid system—a precondition for zero carbon living—that will support 10,000 residences and 30,000 workplaces. Electrolux is taking part in other smart grid initiatives in Italy, Denmark and the Netherlands.

Life-cycle impact



Approximately 75% of the total environment impact of an appliance during its life cycle is generated when it is used, compared to less than 3% during production. Electrolux can therefore contribute most by developing a product-led approach. This is based on data from the average washing machine sold in Europe.

Source: Öko Institute V's LCA, 2004.

3 Responsible sourcing

The proportion of procurement from low-cost countries increased from 30% in 2004 to approximately 56% in 2010 and is expected to reach approximately 70% in a couple of years. In line with this shift, Group Purchasing is placing growing emphasis on ensuring the same high environmental and labor practices along the value chain. Compliance to the Electrolux Code of Conduct and Environmental Policy are mandatory and non-negotiable criteria for evaluating potential and existing suppliers.

Along the value chain

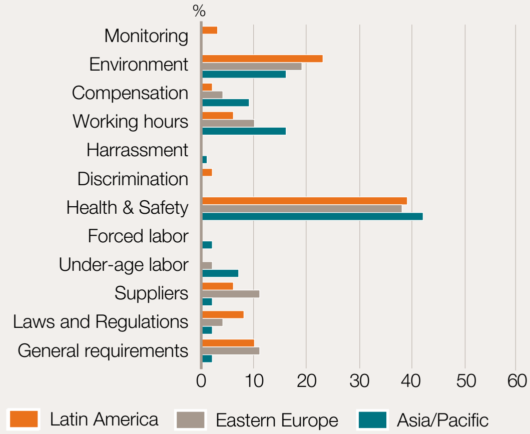
Using audits, training and reporting, the aim of the Responsible Sourcing program is to improve conditions by building transparent and supportive relationships with suppliers on their environmental and labor practices. This leading-edge approach helps reduce the Group's reputational risks and the risk of serious non-compliance that could disrupt product deliveries.

In the program, Electrolux prioritizes suppliers classified as high- or medium-risk. In total, 328 audits were performed among suppliers this year, 271 by Group sustainability auditors and 57 by third-party assurers. Auditors are in place in Asia/Pacific, Eastern Europe and Latin America.

In 2009, Electrolux required suppliers to measure their energy use through the introduction of the Workplace Standard. In 2010, the Group piloted the Energy Efficiency Partnership Program among selected suppliers in China to help them reduce their energy consumption. Learnings from the program will be rolled out among suppliers during 2011.

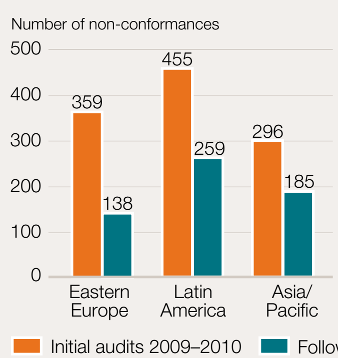
Responsible Sourcing Program

Audit findings



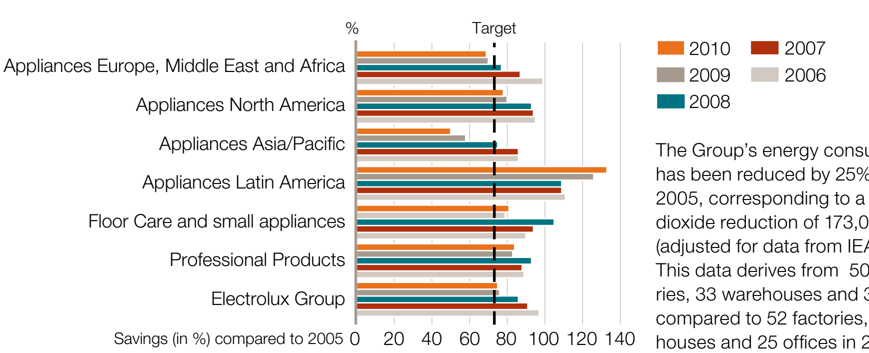
Audit findings of 328 supplier audits conducted during 2010. Health and safety and working hour issues continue to be problems areas. Since Electrolux now has stricter environmental requirements in its guidelines and monitoring, this category has become the third largest area of non-compliance. Issues related to under-aged labor (below 15 years) is not more prevalent than in the last year and is primarily an issue in Asia/Pacific. The majority of cases recorded relate to insufficient protection of authorized minors (16-18 years). In Asia/Pacific, 24 (24) cases of under-aged workers were uncovered.

Follow-up audit comparisons



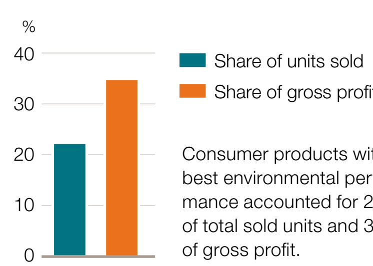
Results of follow-up audits carried out at 16 suppliers in Europe, 23 suppliers in Latin America and 17 suppliers in Asia/Pacific during 2010. Initial audits of the same suppliers were completed in 2009 and 2010. As in 2009, the outcome of the audits indicate considerable improvement by most suppliers yet insufficient improvement by a few. Other activities, such as training and practical consultation, are necessary to support further improvements among these suppliers.

2012 Energy-savings target (GRI EN18)



The Group's energy consumption has been reduced by 25% since 2005, corresponding to a carbon dioxide reduction of 173,000 tons (adjusted for data from IEA 2010). This data derives from 50 factories, 33 warehouses and 38 offices, compared to 52 factories, 17 warehouses and 25 offices in 2005.

Global Green Range



Consumer products with the best environmental performance accounted for 22% of total sold units and 35% of gross profit.

4 Restructuring

As a global employer, Group decisions affect individuals and local communities. Whether Electrolux is setting up new operations, leapfrogging to new technologies or managing organizational changes, the Group aims to do so responsibly, in dialog with those affected. The Group's restructuring program, to be completed in 2011, relocates over half of production to low-cost areas. Among the benefits are jobs, opportunities for local suppliers, technology and knowledge transfer, and improved social and environmental standards. Closing operations, however, is a difficult process for all involved.

As part of its restructuring program, Electrolux reduced its staff by approximately 900 employees during 2010, particularly affecting operations in Russia and Sweden. Electrolux aims to meet the needs of those affected by striving to be transparent and inclusive.

When a factory restructuring is under evaluation, a procedure is followed adapted to local needs and priorities. After the decision to close or downsize has been made, employees are offered assistance such as pre-retirement schemes, training programs and career coaching.

In the Electrolux experience, where feasible, supporting the search for investors to take over plants and their employees has the greatest long-term benefits for all involved. This approach was most recently applied in Motala, Sweden, and Alcala, Spain. Success lies with constructive dialog with interest groups such as unions, municipal authorities and potential investors and that the long-term interests of employees remain in sharp focus.

The number of employees at Juarez, Mexico, increased by approximately 400 employees to some 3,350 between year-end 2009 and 2010. At the plants, all staff is informed of the Code of Conduct at induction. Code of Conduct audits were also completed during the year by external and internal auditing teams in two of three Juarez plants.

Recognition of performance

For the fourth consecutive year, Electrolux is listed as sector leader in the prestigious Dow Jones Sustainability World Index for long-term economic, environmental and social performance. The Group is thus among the top 10% of the 2,500 companies listed in the Dow Jones Global Indexes in terms of sustainability.

In addition, the Group has been ranked highly in several other sustainability rankings including:

- FTSE4Good Series, UK.
- SAM Sustainability Yearbook 2010. Electrolux ranked as a gold class member, sector leader and sector mover.

Dow Jones Sustainability Indexes
Member 2010/11
sam 2010 gold class

Corporate governance report 2010

The Electrolux Group is comprised of approximately 150 companies with operations in over 50 countries. The parent company of the Group is AB Electrolux, a public Swedish limited liability company. The company's shares are listed on Nasdaq OMX Stockholm.

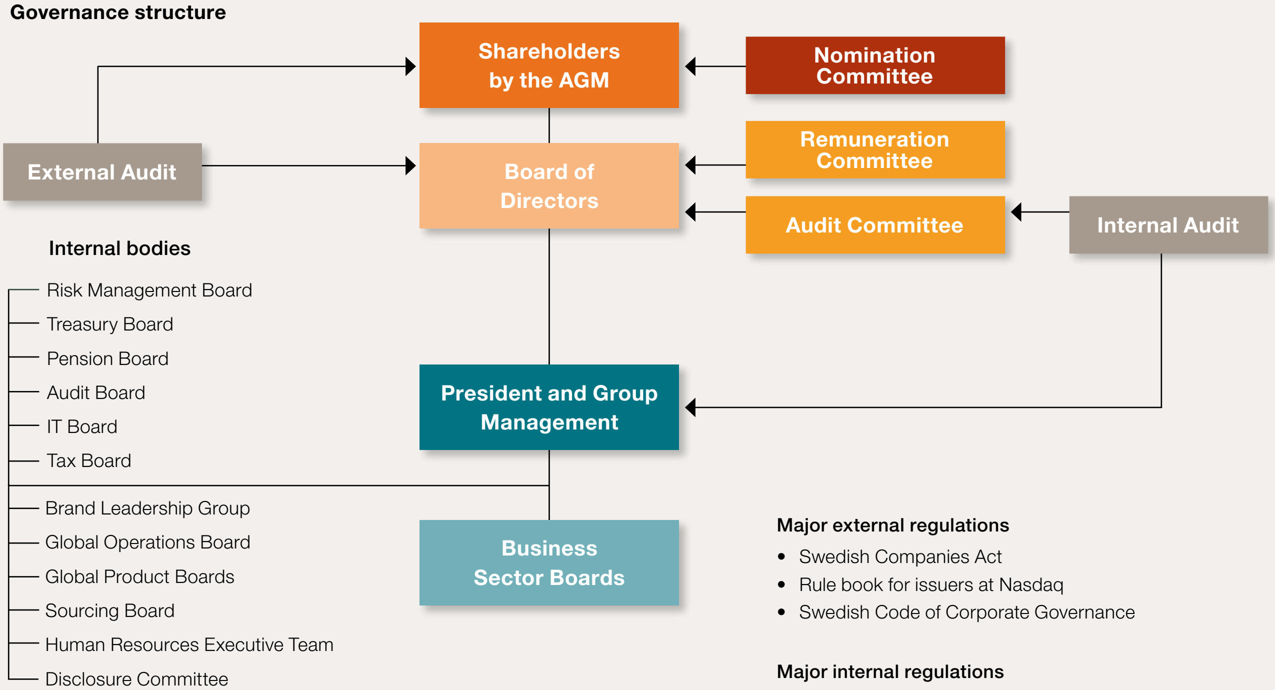
The governance of Electrolux is based on the Swedish Companies Act, the rule book for issuers at Nasdaq and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations.

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux does not report any deviations from the Code in 2010.

HIGHLIGHTS

- Hans Stråberg left Electrolux at year-end after nine years as President and Chief Executive Officer. At the same time, he left the Board of Electrolux.
- Keith McLoughlin has been appointed new President and Chief Executive Officer as of January 1, 2011.
- Lorna Davis was elected new Board member at the Annual General Meeting on March 30, 2010.
- Henrik Bergström has been appointed head of Floor Care and Small Appliances and new Group Management member.
- Three new appointments in Group Management as of February 1, 2011, to accelerate Electrolux strategy.
- Electrolux B-share was delisted from London Stock Exchange on March 11, 2010.

Governance structure



Major external regulations

- Swedish Companies Act
- Rule book for issuers at Nasdaq
- Swedish Code of Corporate Governance

Major internal regulations

- Articles of Association
- Board of Directors' working procedures
- Policies for information, finance, credit, accounting manual, etc
- Processes for internal control and risk management
- Electrolux Code of Ethics, Policy on Bribery and Corruption and Workplace Code of Conduct

For further information regarding:

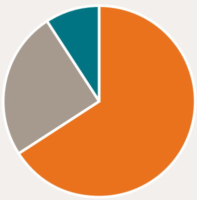
- Swedish Companies Act; www.sweden.gov.se
- Nasdaq OMX Stockholm; www.nasdaqomxnordic.com
- Swedish Code of Corporate Governance and specific features of Swedish corporate governance; www.corporategovernanceboard.se

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden. The address of the Group headquarters is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Ownership structure

Electrolux shares are registered with Euroclear Sweden AB. This means that no share certificates are issued, and that Euroclear Sweden AB keeps a share register of owners and custodians in the company.

According to the share register at year-end 2010, the Group had a total of approximately 57,200 shareholders. The number of Electrolux shareholders in Sweden at year-end was approximately 53,400. Investor AB is the largest shareholder, with approximately 13.6% of the share capital and approximately 29.9% of the voting rights.



Swedish institutions and mutual funds, 66%

Foreign investors, 25%

Private Swedish investors, 9%

At year-end, about 25% of the total share capital was owned by foreign investors.

Source: SIS Ägarservice as of December 31, 2010.

Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register.

For additional information regarding the ownership structure, see page 20.
The information on ownership structure is updated quarterly on the Group's website, www.electrolux.com/corporate-governance.

Voting rights

The share capital of Electrolux consists of A-shares and B-shares. An A-share entitles the holder to one vote and a B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. An A-share can at the request of the owner be converted into a B-share.

Nomination Committee

Nomination Committee

The Annual General Meeting (AGM) resolves upon the nomination process for the Board of Directors and, when appropriate, the auditors. The process involves the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Board and one additional Board member.

The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information which is provided to the company at such time. The names of the representatives and the names of the shareholders they represent shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The Nomination Committee's tasks include preparing a proposal for the next AGM regarding:

- Chairman of the AGM
- Board members
- Chairman of the Board
- Remuneration to individual Board members
- Remuneration for committee work
- Nomination Committee for the next year
- Auditors and auditors' fees, when these matters are to be decided by the following AGM

The Nomination Committee is assisted in preparing proposals for auditors and auditors' fees by the company's Audit Committee. The Audit Committee evaluates the auditors' work and informs the Nomination Committee of its findings.

The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

Nomination Committee for the AGM 2010

The Nomination Committee for the AGM 2010 was comprised of six members. Petra Hedengran of Investor AB led the Nomination Committee's work.

Lorna Davis was proposed as a new Board member in Electrolux. A report regarding the work of the Nomination Committee was presented at the AGM 2010. Further information regarding the Nomination Committee and its work can be found on the Group's website, www.electrolux.com/corporate-governance.

Nomination Committee for the AGM 2011

The Nomination Committee for the AGM 2011 is based on the ownership structure as of August 31, 2010, and was announced in a press release on September 30, 2010.

The Nomination Committee's members are:

- Petra Hedengran, Investor AB, Chairman
- Ramsay J. Brufer, Alecta
- Marianne Nilsson, Swedbank Robur funds
- Peter Rudman, Nordea Investment Funds
- Marcus Wallenberg, Chairman of Electrolux
- Peggy Bruzelius, Deputy Chairman of Electrolux

No changes in the composition of the Nomination Committee had occurred as of February 1, 2011. Shareholders wishing to submit proposals to the Nomination Committee should send an e-mail to nominationcommittee@electrolux.com.

Shareholders by the AGM

General Meetings of shareholders

The decision-making rights of shareholders in Electrolux are exercised at shareholders' meetings. The Annual General Meeting (AGM) of Electrolux is held in Stockholm, Sweden, during the first half of the year.

The AGM resolves upon:

- The adoption of the annual report
- Dividend
- Election of Board members and, if applicable, auditors
- Remuneration to Board members and auditors
- Guidelines for remuneration to Group Management
- Other important matters

Extraordinary General Meetings (EGM) may be held at the discretion of the Board or, if requested, by the auditors or by shareholders owning at least 10% of the shares.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed. Additional requirements for participation apply to shareholders with holdings in the form of American Depositary Receipts (ADR) or similar certificates. Holders of such certificates are advised to contact the ADR depositary bank, the fund manager or the issuer of the certificates in good time before the meeting in order to obtain additional information.

Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so well in advance to the meeting via an address provided on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of votes than the number of votes cast and shares represented at the meeting.

Annual General Meeting 2010

The AGM on March 30, 2010, was attended by shareholders representing a total of 40.1% of the share capital and 53.1% of the voting rights in the company. The President's speech was broadcasted live via the Group's website and is also presented on www.electrolux.com/corporate-governance, together with the minutes and resolutions. The meeting was held in Swedish, with simultaneous interpretation into English.

The AGM decided to adopt the Boards proposed dividend of SEK 4.00 per share for 2009. Lorna Davis was elected new Board member and PricewaterhouseCoopers AB was re-elected auditors for the period until the Annual General Meeting in 2014.

Marcus Wallenberg was re-elected as Chairman. The meeting also adopted the Board's proposed guidelines for remuneration to the Group Management of Electrolux, as well as the scope and main principles of the performance-based, long-term Electrolux share program 2010.

All Board members, as well as the Group's auditor in charge, were present at the meeting.

Annual General Meeting 2011

The next AGM of Electrolux will be held on March 31, 2011, at the Berwald Hall, Stockholm, Sweden.

For additional information on the next AGM, see page 98.

Board of Directors

The Board of Directors

The Board of Directors has the overall responsibility for Electrolux organization and administration.

Composition of the Board

The Electrolux Board was from the AGM in 2010 comprised of ten members without deputies, who are elected by the AGM, and three members with deputies, who are appointed by the Swedish employee organizations in accordance with Swedish labor law.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the Deputy Chairman of the Board is elected, among other things. The Chairman of the Board of Electrolux is Marcus Wallenberg and the Deputy Chairman is Peggy Bruzelius.

All members of the Board, except for the President, are non-executive members. Four of the ten Board members are not Swedish citizens.

In September 2010, Hans Stråberg notified that he intended to leave Electrolux after 27 years with the company and nine years as President and CEO. He resigned as President and Chief Executive Officer and Board member of Electrolux on December 31, 2010.

For additional information regarding the Board of Directors, see page 88. The information is updated regularly at the Group's website, www.electrolux.com/board-of-directors.

Independence

The Board is considered to be in compliance with relevant requirements for independence.

Marcus Wallenberg has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux. Hans Stråberg has been deemed to be independent in relation to major shareholders of Electrolux, but not, in his capacity as President and CEO, in relation to the company and the administration of the company. Hans Stråberg has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. As previously mentioned, Hans Stråberg left the Board on December 31, 2010. He was the only member of Group Management with a seat on the Board.

The Board's tasks

The main task of the Board is to manage the Group's operations in such a manner as to assure the owners that their interests, in

Composition of the Board[1)]

	Nationality	Independence[2)]	Audit Committee	Remuneration Committee	Total remuneration, SEK[3)]
Marcus Wallenberg, Chairman of the Board	SE	No		● Member	1,655 000
Peggy Bruzelius, Deputy Chairman of the Board	SE	Yes	● Chairman		750,000
Lorna Davis	AUS	Yes			475,000
Hasse Johansson	SE	Yes			475,000
John S. Lupo	US	Yes			475,000
Johan Molin	SE	Yes		● Member	530,000
Hans Stråberg, President and CEO	SE	No			—
Caroline Sundewall	SE	Yes	● Member		560,000
Torben Ballegaard Sørensen	DK	Yes	● Member		560,000
Barbara Milian Thoralfsson	US	Yes		● Chairman	595,000
Ola Bertilsson, Employee representative	SE	—			—
Gunilla Brandt, Employee representative	SE	—			—
Ulf Carlsson, Employee representative	SE	—			—
Total					**6,075,000**

● Chairman
● Member

1) For the period from the AGM 2010 to the AGM 2011 except for Hans Stråberg who resigned as Board member on December 31, 2010.
2) For additional information, see Independence on page 86.
3) The Board of Directors can receive part of the remuneration in the form of synthetic shares. For additional information, see Remuneration to Board members on page 89.

terms of a long-term good return on capital, are being met in the best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of Electrolux are available on the Group's website, www.electrolux.com/corporate-governance.

The Board deals with and decides on Group-related issues such as:

- Main goals
- Strategic orientation
- Essential issues related to financing, investments, acquisitions and divestments
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational management
- Appointment of and, if necessary, dismissal of the President
- Overall responsibility for establishing an effective system of internal control and risk management
- Important policies

Working procedures and Board meetings

The Board determines its working procedures each year and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the procedures, the Chairman shall:

- Organize and distribute the Board's work
- Ensure that the Board discharges its duties
- Secure the efficient functioning of the Board
- Ensure that the Board's decisions are implemented efficiently
- Ensure that the Board evaluates its work annually

The working procedures for the Board also include detailed instructions to the President and other corporate functions regarding issues requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, capital expenditure and other expenditure.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this meeting include the election of Deputy Chairman and authorization to sign on behalf of the company. The Board normally holds six other ordinary meetings during the year. Four of these meetings are held in conjunction with publication of the Group's full-year report and interim reports. One or two meetings are held in connection with visits to Group operations. Additional meetings, including telephone conferences, are held when necessary.

The Board's work in 2010

During the year, the Board held eight scheduled meetings and one extraordinary meeting. All meetings except one were held in Stockholm, Sweden.

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Cecilia Vieweg, Electrolux General Counsel, served as secretary at all of the Board meetings.

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the President. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m. Normally, the head of a sector also reviews a current strategic issue at the meeting.

Board of Directors and Auditors

Marcus Wallenberg
Chairman
Born 1956. B. Sc. of Foreign Service. Elected 2005. Member of the Electrolux Remuneration Committee.
Board Chairman of SEB, Skandinaviska Enskilda Banken AB, and Saab AB. Deputy Chairman of Telefonaktiebolaget LM Ericsson. Board Member of Astra Zeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. **Previous positions:** President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999. **Holdings** in AB Electrolux: 5,000 B-shares. Through company: 30,000 B-shares. Related party: 1,000 B-shares.

Peggy Bruzelius
Deputy Chairman
Born 1949. M. Econ. Hon. Doc. in Econ. Elected 1996. Chairman of the Electrolux Audit Committee.
Board Chairman of Lancelot Asset Management AB. Board Member of Axfood AB, Akzo Nobel nv, Husqvarna AB, Syngenta AG, Diageo Plc and the Association of the Stockholm School of Economics. **Previous positions:** Executive Vice-President of SEB, Skandinaviska Enskilda Banken AB, 1997–1998. President and CEO of ABB Financial Services AB, 1991–1997. **Holdings** in AB Electrolux: 6,500 B-shares.

Lorna Davis
Born 1959. Bachelor of Social Science and Psychology. Elected 2010. President of Kraft Foods China since 2007. **Previous positions:** Senior positions within the food industry, mainly with Danone in China and the UK. **Holdings** in AB Electrolux: 0 shares.

Hasse Johansson
Born 1949. M. Sc. in Electrical Engineering. Elected 2008.
Board Chairman of Dynamate Industrial Services AB, Lindholmen Science Park AB and Alelion Batteries AB. Board Member of Fouriertransform AB and Skyllbergs Bruk AB. **Previous positions:** Executive Vice-President and Head of Research and Development of Scania CV AB, 2001–2009. Founder of Mecel AB (part of Delphi Corporation). Senior management positions with Delphi Corporation, 1990–2001. **Holdings** in AB Electrolux: 4,000 B-shares.

John S. Lupo
Born 1946. B. Sc. in Marketing. Elected 2007.
Board Member of Citi Trends Inc. and Cobra Electronics Corp., USA.
Previous positions: Principle of Renaissance Partners Consultants, 2000–2008. Executive Vice-President of Basset Furniture, 1998–2000. Chief Operating Officer of Wal-Mart International, 1996–1998. Senior Vice-President Merchandising of Wal-Mart Stores Inc., 1990–1996. **Holdings** in AB Electrolux: 1,000 ADR.

Johan Molin
Born 1959. B. Sc. in Econ. Elected 2007. Member of the Electrolux Remuneration Committee. President and CEO of ASSA ABLOY AB since 2005.
Board Member of ASSA ABLOY AB and Nobia AB. **Previous positions:** CEO of Nilfisk-Advance, 2001–2005. President of Industrial Air Division within Atlas Copco Airpower, Belgium, 1998–2001. Management positions within Atlas Copco, 1983–2001. **Holdings** in AB Electrolux: 1,000 B-shares.

Caroline Sundewall
Born 1958. M.B.A. Elected 2005. Member of the Electrolux Audit Committee. Independent Business consultant since 2001.
Board Chairman of Svolder AB and The Streber Cup Foundation.
Board Member of Ahlsell AB, Haldex AB, Lifco AB, Mertzig Asset Management, Pågengruppen AB, SJ AB, TradeDoubler AB and the Association of Exchange-listed Companies. **Previous positions:** Business commentator at Finanstidningen, 1999–2001. Managing editor of the business desk section at Sydsvenska Dagbladet, 1992–1999. Business controller at Ratos AB, 1989–1992. **Holdings** in AB Electrolux through company: 2,000 B-shares.

Torben Ballegaard Sørensen
Born 1951. M.B.A. Elected 2007. Member of the Electrolux Audit Committee.
Board Member of Egmont Fonden, LEGO A/S, Pandora Holding A/S, Systematic Software Engineering A/S, Tajco A/S, Årstiderne Architects A/S, Monberg-Thorsen A/S, Denmark, and VTI Technology OY, Finland. **Previous positions:** President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice-President of LEGO A/S, 1996–2001. Managing Director of Computer Composition International, CCI-Europe, 1988–1996. Chief Financial Officer of Aarhuus Stiftsbogtrykkerie, 1981–1988. **Holdings** in AB Electrolux: 800 B-shares.

Barbara Milian Thoralfsson
Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee. Director of Fleming Invest AS, Norway, since 2005.
Board Member of SCA AB, Telenor ASA, Fleming Invest AS, and Norfolier AS.
Previous positions: President of TeliaSonera Norway, 2001–2005. President of Midelfart & Co, 1995–2001. Leading positions within marketing and sales, 1988–1995. **Holdings** in AB Electrolux through company: 10,000 B-shares.

Employee representatives, members

Ola Bertilsson
Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006. **Holdings** in AB Electrolux: 0 shares.

Gunilla Brandt
Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006. **Holdings** in AB Electrolux: 0 shares.

Ulf Carlsson
Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001. **Holdings** in AB Electrolux: 0 shares.

Employee representatives, deputy members

Gerd Almlöf
Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007. **Holdings** in AB Electrolux: 0 shares.

Peter Karlsson
Born 1965. Representative of the Swedish Confederation of Trade Unions. Elected 2006. **Holdings** in AB Electrolux: 0 shares.

Viveca Brinkenfeldt Lever
Born 1960. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2010. **Holdings** in AB Electrolux: 0 shares.

Auditors

At the Annual General Meeting in 2010, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2014.

Anders Lundin
PricewaterhouseCoopers AB
Born 1956. Authorized Public Accountant. Partner in Charge.
Other audit assignments: AarhusKarlshamn AB, AB Industrivärden, Loomis AB, Melker Schörling AB, Husqvarna AB and SCA AB. Holdings in AB Electrolux: 0 shares.

Björn Irle
PricewaterhouseCoopers AB
Born 1965. Authorized Public Accountant. Holdings in AB Electrolux: 0 shares.

Secretary of the Board

Cecilia Vieweg
Born 1955. B. of Law. General Counsel of AB Electrolux. Secretary of the Electrolux Board since 1999. **Holdings** in AB Electrolux: 11,972 B-shares.

Changes in Board of Directors

Hans Stråberg, President and Chief Executive Officer of AB Electrolux during 2002–2010, left the company and the Board on December 31, 2010. As President and Chief Executive Officer he was succeeded by Keith McLoughlin from January 1, 2011.

Holdings in AB Electrolux as of December 31, 2010. The information is regularly updated at www.electrolux.com/board-of-directors.

Major issues addressed by the Board

- Keith McLoughlin has been appointed new President and Chief Executive Officer of Electrolux.
- Agreement to acquire a washing-machine plant in Ivano-Frankivsk in the Ukraine. The closing of the deal is expected to take place in the first quarter of 2011.
- A preliminary agreement to acquire Olympic Group in Egypt, which is the largest manufacturer of household appliances in the North African and Middle Eastern regions.
- Decision to improve efficiency at the washing-machine plant in Revin in France and at the cooker factory in Forli in Italy.
- Decision to close the cooker factory in L'Assomption in Quebec, Canada, during 2013 and to build a new cooker factory in Memphis, Tennessee, USA, to consolidate the production of cookers in North America.
- Decision to reduce Electrolux workforce within Major Appliances Europe by approximately 800 people in 2011 and 2012.

Ensuring quality in financial reporting

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Group's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function, Management Assurance & Special Assignments.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Evaluation of the Board's activities

The Board evaluates its activities annually with regard to working procedures and the working climate, as well as regards the focus of the Board's work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board's work and also serves as input for the Nomination Committee's work.

A separate annual evaluation of the Chairman's work is performed under the leadership of the Deputy Chairman of the Board.

Remuneration to Board members

Remuneration to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. Remuneration to each Board member, in accordance with a resolution made at the AGM 2010, remained unchanged as follows:

Chairman of the Board	SEK 1,600,000
Deputy Chairman of the Board	SEK 550,000
Director	SEK 475,000
Chairman of the Audit Committee	SEK 200,000
Member of the Audit Committee	SEK 85,000
Chairman of the Remuneration Committee	SEK 120,000
Member of the Remuneration Committee	SEK 55,000

The AGM 2010 also resolved to approve the Nomination Committee's proposal to pay a part of the remuneration to the Board in the form of so-called synthetic shares. The aim of providing synthetic shares is to further enhance the connection between the owners' and the Directors' common interest of a good, long-term development for Electrolux. A synthetic share implies the right to receive, at a future point in time, payment of an amount equivalent to the market value of a B-share in the company at date of payment.

Board members who are not employed by Electrolux are not invited to participate in the Group's long-term incentive programs for senior managers and key employees. Remuneration to the President is proposed by the Remuneration Committee and determined by the Board.

For additional information on remuneration to Board members and synthetic shares, see Note 27.

Participation of the Board in 2010

	Board meetings	Committee meetings
Marcus Wallenberg	9/9	7/8
Peggy Bruzelius	9/9	5/5
Lorna Davis*	7/7	
Hasse Johansson	9/9	
John S. Lupo	9/9	
Johan Molin	8/9	8/8
Hans Stråberg	9/9	
Caroline Sundewall	9/9	5/5
Torben Ballegaard Sørensen	9/9	5/5
Barbara Milian Thoralfsson	8/9	8/8
Ola Bertilsson	9/9	
Gunilla Brandt	9/9	
Ulf Carlsson	8/9	

* Lorna Davis was appointed new Board member at the AGM in March, 2010.

Remuneration Committee
Audit Committee

Committees

The Board has established a Remuneration Committee and an Audit Committee. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The members and Chairmen of the Committees are appointed at the statutory Board meeting following election.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Remuneration Committee

One of the Remuneration Committee's primary tasks is to propose guidelines for the remuneration to the members of Group Management. The Committee also proposes the remuneration to the President and CEO, for resolution by the Board, and resolves on remuneration to other members of Group Management on proposal by the President.

The Remuneration Committee's tasks include:

- To prepare and evaluate remuneration guidelines for Group Management.
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management.
- To prepare and evaluate Electrolux long-term incentive programs.

The Committee is comprised of three Board members: Barbara Milian Thoralfsson (Chairman), Johan Molin and Marcus Wallenberg. At least two meetings are convened annually. Additional meetings are held as needed.

In 2010, the Remuneration Committee held eight meetings. Significant issues addressed include preparation of a proposal for the remuneration to the new President and CEO, resolution on proposed remuneration to new members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management. In addition, a review of Electrolux remuneration guidelines, relative to the external job market were prepared.

The Head of Human Resources and Organizational Development participated in the meetings and was responsible for meeting preparations.

Audit Committee

The main task of the Audit Committee is to oversee the processes of Electrolux financial reporting and internal control in order to secure the quality of the Group's external reporting.

The Audit Committee's tasks include:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow-up the activities of the internal audit function Management Assurance & Special Assignments as regards organization, recruiting, budgets, plans, results and audit reports.
- To oversee the external audit and evaluate the work of the external auditors.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.

The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors and auditors' fees.

The Audit Committee is comprised of three Board members: Peggy Bruzelius (Chairman), Caroline Sundewall and Torben Ballegaard Sørensen. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

In 2010, the Audit Committee held five meetings. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and the Head of Internal Audit have participated in all of the Audit Committee meetings. Cecilia Vieweg, General Counsel, has served as secretary at four of the five meetings.

External Audit

External auditors

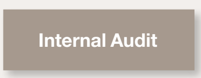
The AGM in 2010 re-elected PricewaterhouseCoopers AB (PwC) as the Group's external auditors for a four-year period, until the AGM in 2014. Authorized Public Accountant Anders Lundin is the auditor in charge of Electrolux.

PwC provides an audit opinion regarding AB Electrolux, the financial statements of its subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditors also conduct a review of the report for the third quarter.

The audit is conducted in accordance with the Swedish Companies Act and the generally accepted Swedish auditing standards issued by FAR, which is the institute for the accountancy profession in Sweden (Swedish GAAS). The auditing standards issued by FAR are based on international auditing standards issued by the International Federation of Accountants (IFAC GAAS).

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

For additional information on the Group's auditors, see page 88. For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.



Internal control and risk management

The internal audit function, Management Assurance & Special Assignments, is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

For additional information on internal control, see page 94. For additional information on risk management, see Note 1, Note 2 and Note 18.

Management and company structure

Electrolux operations are divided into five business areas, which include six sectors and a total of 25 product lines. Within Major Appliances, the business sectors are geographically defined, while the sectors Professional Products and Floor Care and Small Appliances are global. There are five Group staff units that support all business sectors: Finance, Communications, Branding, Legal Affairs, and Human Resources and Organizational Development.

In order to fully take advantage of the Group's global presence and economies of scale, a global organization was established in 2009 with responsibility for product development, purchasing and manufacturing within Major Appliances. The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by sector boards.

Group policies and guidelines

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

COMPASS was initiated during 2008 as a group-wide project to clarify joint processes and improve their efficiency in order to strengthen control and lower costs. Transparent information also allows better decision data to be developed.

Electrolux has determined that all of its operations will be undertaken on an environmentally, socially and ethically responsible basis. A proactive approach in this regard reduces risks, strengthens the brand, increases the motivation of personnel and ensures good relations with the individuals within the communities with which the Group interacts. Key policies in this context include the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct and the Electrolux Policy on Corruption and Bribery.

The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive changes and go beyond in delivering on the Group's strategy and performance objectives. The Electrolux culture features diversity and innovation. Development of innovative products is a vital part of this vision. Diversity is a prerequisite for Electrolux ability to compete in a global market. Personnel with diverse backgrounds create a greater understanding of consumer needs in different countries.

Group Management

Keith McLoughlin
President and Chief Executive Officer as of January 1, 2011.
Born 1956. B.S. Eng. In Group Management since 2003.
Senior management positions with DuPont, USA, 1981–2003. Vice-President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Joined Electrolux as Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004–2007. Chief Operations Officer Major Appliances, 2009.
Board Member of Briggs & Stratton Corp.
Holdings in AB Electrolux: 30,153 B-shares.

Henrik Bergström
Head of Floor Care and Small Appliances, Executive Vice-President
Born 1972. M.Sc. in Business Administration and Economics. In Group Management since 2010.
Business Development and General Management positions within Electrolux Major Appliances Latin America, 1997–2002. Managing Director of Electrolux Latin America and Caribbean, 2002–2008. Vice-President and General Manager for three business areas in Electrolux Major Appliances North America, 2008–2010. Head of Electrolux Asia Sourcing Operations, 2009–2010. Executive Vice President of AB Electrolux, 2010.
Holdings in AB Electrolux: 12,297 B-shares.

Jan Brockmann
Chief Technology Officer, Senior Vice President as of February 1, 2011.
Born 1966. M. Eng. in Mechanical. Engineering. MBA. In Group Management since 2011.
Managements positions within Valeo Group, 1994–1999. Project Manager in Roland Berger Strategy Consultants, 2000–2001. Senior managements positions within Volkswagen Group, 2001–2010. Joined Electrolux as head of R&D for Global Operations, Electrolux Major Appliances, 2010. Chief Technology Officer, 2011.
Holdings in AB Electrolux: 593 B-shares (January 20, 2011).

Enderson Guimarães
Head of Major Appliances Europe, Middle East and Africa, Executive Vice-President
Born 1959. M.B.A. In Group Management since 2008.
Brand management and marketing manager with Procter & Gamble, Brazil, 1990–1991, and Johnson & Johnson, Canada, 1991–1997. Marketing Director with Danone, Brazil, 1997–1998. Senior management positions with Philips Electronics, Brazil and the Netherlands, 1998–2007. Joined Electrolux as Senior Vice-President Product & Branding within Major Appliances Europe, 2008. Head of Major Appliances Europe and Executive Vice-President of AB Electrolux, 2008.
Holdings in AB Electrolux: 3,046 B-shares.

Carina Malmgren Heander
Head of Human Resources and Organizational Development, Senior Vice-President
Born 1959. B. Econ. In Group Management since 2007.
Project Director at Adtranz Signal (Bombardier), 1989–1998. Vice-President Human Resources of ABB AB, 1998–2003. Senior Vice-President Human Resources of Sandvik AB, 2003–2007. Joined Electrolux as Senior Vice-President of Group Staff Human Resources and Organizational Development, 2007.
Board Member of Cardo AB and IFL at the Stockholm School of Economics.
Holdings in AB Electrolux: 3,464 B-shares.

Ruy Hirschheimer
Head of Major Appliances Latin America, Executive Vice-President
Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008.
Executive Vice-President of Alcoa Aluminum, Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge Foods, 1994–1997. Senior Vice-President of Bunge International Ltd., USA, 1997–1998. Joined Electrolux as Head of Brazilian Major Appliances operations, 1998. Head of Major Appliances Latin America, 2002. Executive Vice-President of AB Electrolux, 2008.
Holdings in AB Electrolux: 33,621 B-shares.

MaryKay Kopf
Chief Marketing Officer, Senior Vice President as of February 1, 2011.
Born 1965. B.S. Finance, MBA. In Group Management since 2011.
Marketing and segment management positions within, DuPont Nomex, Kevlar, North America, 1991–1998. European Business Manager, DuPont Nomex, Kevlar, 1998–2001. Global Business and Brand Strategy Manager, DuPont Tyvek, Sontara, 2001–2003. Joined Electrolux in 2003 as VP Brand Marketing, Electrolux Major Appliances North America, 2003. Chief Marketing Officer, 2011.
Holdings in AB Electrolux: 2,768 B-shares (January 20, 2011).

Gunilla Nordström
Head of Major Appliances Asia/Pacific, Executive Vice-President
Born 1959. M. Sc. In Group Management since 2007.
Senior management positions with Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice-President of Sony Ericsson Mobile Communications AB, 2005–2007. Joined Electrolux as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux, 2007.
Board Member of Videocon Industries Ltd, India, and Atlas Copco AB.
Holdings in AB Electrolux: 3,530 B-shares.

Jonas Samuelson
Chief Financial Officer, Chief Operations Officer and Head of Global Operations Major Appliances as of February 1, 2011.
Born 1968. M. Sc. in Business Administration and Economics. In Group Management since 2008.
Business development and finance positions in General Motors, USA, 1996–1999. Treasurer and Director Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Joined Electrolux as Chief Financial Officer, 2008.
Board Member of Polygon AB.
Holdings in AB Electrolux: 3,490 B-shares.

Kevin Scott
Head of Major Appliances North America, Executive Vice-President
Born 1959. Ph.D. (Chem. Eng.). In Group Management since 2009.
Technical, manufacturing, brand marketing and business management roles with DuPont, USA, 1985–1994. Construction, purchasing, and operations finance management roles with PepsiCo, 1994–1999. Senior general management positions within DuPont, Switzerland, 1999–2003. Joined Electrolux as General Manager, Consumer Services Group, within Major Appliances North America, 2003. General Manager Refrigeration within Major Appliances North America, 2006–2009. Head of Major Appliances North America and Executive Vice-President, 2009.
Holdings in AB Electrolux: 8,849 B-shares.

Cecilia Vieweg
General Counsel, Senior Vice-President
Born 1955. B. of Law. In Group Management since 1999.
Attorney of Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner of Wahlin Advokatbyrå, 1998. Joined Electrolux as Senior Vice-President and General Counsel, with responsibility for legal, intellectual property, risk management and security matters, 1999.
Board Member of Haldex AB, Vattenfall AB, PMC Group AB and member of the Swedish Securities Council.
Holdings in AB Electrolux: 11,972 B-shares.

Alberto Zanata
Head of Professional Products, Executive Vice-President
Born 1960. University degree in Electronic Engineering with Business Administration. In Group Management since 2009.
Joined Electrolux Professional Products, 1989. Senior management positions within factory management, marketing, product management and business development, 1989–2002. Head of Professional Products in North America, 2003–2008. Head of Professional Products and Executive Vice-President of AB Electrolux, 2009.
Holdings in AB Electrolux: 14,313 B-shares.

Changes in Group Management

Hans Stråberg, President and Chief Executive Officer of AB Electrolux during 2002–2010, left the company on December 31, 2010. Keith McLoughlin succeeded him as President and Chief Executive Officer.

As of February 1, 2011, new appointments were made in Group Management;
- Jonas Samuelson, Chief Operations Officer and Head of Global Operations Major Appliances, in addition to his position as CFO
- Jan Brockmann, Chief Technology Officer
- MaryKay Kopf, Chief Marketing Officer

Holdings in AB Electrolux as of December 31, 2010. The information is regularly updated at www.electrolux.com/group-management.

President and Group Management

President and Group Management

Group Management includes the President, the six sector heads, the five Group staff heads, the head of R&D Global Operations and the head of Global Operations Major Appliances. The President is appointed by and receives instructions from the Board. The President, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions.

Group Management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues.

For details regarding members of Group Management, see page 92. The information is updated regularly at the Group's website www.electrolux.com/group-management

Changes during the year

- Hans Stråberg, President and CEO of Electrolux, left the company on December 31, 2010. He was succeeded by Keith McLoughlin from January 1, 2011.
- Lars Göran Johansson, head of Communications and Branding, has left Electrolux.
- Henrik Bergström has been appointed head of Floor Care and Small Appliances.

New appointments as of February 1, 2011

- Three new appointments in Group Management as of February 1, 2011, to increase the speed of product innovation and to continue to leverage Electrolux shared global strength;
  – Jonas Samuelson, Head of Global Operations Major Appliances, in addition to his position as CFO
  – Jan Brockmann, Chief Technology Officer
  – MaryKay Kopf, Chief Marketing Officer.

Remuneration to Group Management

Remuneration guidelines for Group Management are resolved upon by the AGM, based on the proposal from the Board. Remuneration to the President is then resolved upon by the Board, based on proposals from the Remuneration Committee. Remuneration to other members of Group Management is resolved upon by the Remuneration Committee, based on proposals from the President, and reported to the Board.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group.

Remuneration may comprise of fixed compensation and variable compensation. Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made. The targets shall principally relate to financial performance, for shorter (up to 1 year) or longer (3 years or longer) periods. Non-financial targets may also be used.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM 2010 decided on a long-term share program for up to 160 senior managers and key employees.

For additional information on remuneration, remuneration guidelines, long-term incentive programs and pension benefits, see Note 27.

Business Sector Boards

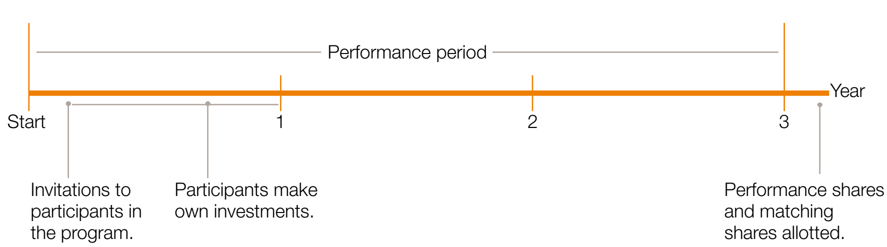
Business sectors

The sector heads are comprised of members of Group Management and have responsibility for the income statements and balance sheets of their respective sectors.

The overall management of the sectors is the responsibility of sector boards, which meet quarterly. The President is the chairman of all sector boards. The sector board meetings are attended by the President, the management of the respective sectors and the Chief Financial Officer. The sector boards are responsible for monitoring on-going operations, establishing strategies, determining sector budgets and making decisions on major investments.

In the external reporting, the Group's operations are divided into five business areas. Operations within Consumer Durables are divided into four geographic business areas: Europe Middle East and Africa, North America, Latin America and Asia/Pacific. Professional Products is the fifth business area.

Timeline for the long-term incentive program for senior management



Earnings per share for Electrolux, excluding items affecting comparability, has to increase by an average of at least 5% annually before any performance shares will be allotted.

Participants in the program must invest in Electrolux shares. At the end of the three-year period, one matching share is allotted for each share aquired.

Internal control over financial reporting

The Electrolux Control System (ECS) has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

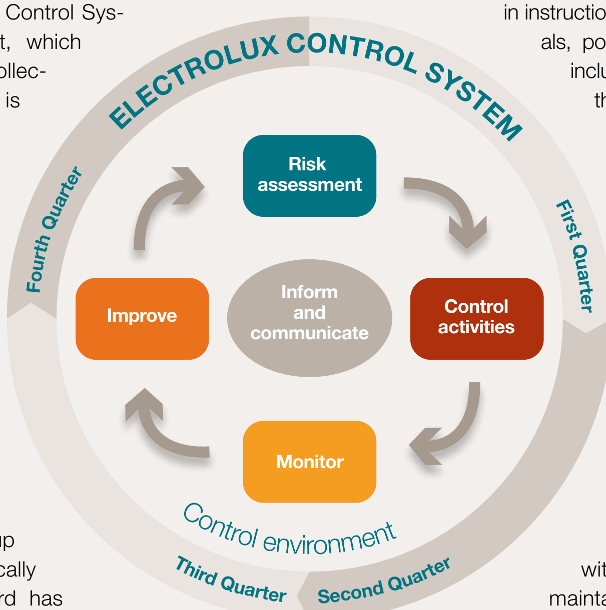
ECS is based on the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, monitor and improve and inform and communicate.

The objective of ECS is to quality assure the internal and external financial reporting.

Control environment

The foundation for the Electrolux Control System is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and procedures, manuals, and codes, and enforced by the organizational structure of Electrolux with clear responsibility and authority based on collective values.

The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 84. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant manuals, policies and important accounting principles applied by the Group.



The limits of responsibilities and authorities are given in instructions for delegation of authority, manuals, policies and procedures, and codes, including the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct, and the Electrolux Policy on Bribery and Corruption, as well as in policies for information, finance and credit, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

Responsibility for internal control is defined in the Electrolux Internal Control Policy. All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management have the ultimate responsibility

Control environment — Example trade receivables

Accounting Manual
Rules for revenue recognition and calculation of provision for doubtful trade receivables.

Credit Policy
Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Document
Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Internal Control Policy
Details responsibility for internal controls. Controls should address the Minimum Internal Control Requirements (MICR) within every applicable process, for example order to cash.

Electrolux Control System – Roles and responsibilities (for larger reporting units)

Role	Sector/Group staff internal control coordinator	Reporting unit internal control coordinator	Process owner	Control operator	Management tester
Typically who	Senior person within the Finance organization in the Sector or Group Staff function.	Controller or CFO for the reporting unit.	Person with overall responsibility for the process, e.g., warehouse manager, purchase manager, sales manager.	Person performing the daily activities within the process, i.e. warehouse operator, accounts payable clerk, accounts receivable clerk.	Person with process knowledge but not performing daily activities in the process to ensure independence.
Main responsibilities	* Monitor and report on the effectiveness of controls. * Identify skilled resources to ensure sustainability.	* Plan, coordinate and monitor the timeliness of the documentation, testing and improvement of controls. * Support the process owners, control operators and management testers.	* Ensure that controls are implemented within the process. * Execute remediation, i.e., improvement activities when controls have been tested and deemed not effective.	* Document control descriptions. * Perform control activities. * Maintain evidence of controls performed.	* Perform testing of controls. * Document and report test results.

for internal controls within their areas of responsibility. Group Management is described on page 92.

The Electrolux Control System Program Office, a department within the Internal Audit function, has developed the methodology and yearly time plan for maintaining the Electrolux Control System. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group, see table Electrolux Control System – Roles and responsibilities above.

Over the last years, training and support have been provided to the thousands of persons with assigned ECS roles globally. The objective of the training has been to educate in risk and internal control and provide hands-on tools and techniques in order to effectively carry out the assigned responsibilities. These training sessions have been a mix of regional training sessions, computer-based training modules and net meetings.

Risk assessment

Risk assessment

Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting, for significant accounts in the financial reporting for the Group. Risks assessed also include risk of loss or misappropriation of assets.

At the beginning of each calendar year, the Electrolux Control System Program Office performs a global risk assessment to determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, 18 different processes generating transactions that end up in significant accounts in the financial reporting have been identified. For each process, key risks are identified and documented. See below examples of key risks within processes generating transactions to the significant account trade receivables.

Since 2004, all larger reporting units perform the ECS activities. These larger units cover approximately 70% of the total external sales and external assets of the Group.

During 2009 and 2010, ECS has been rolled out to almost all of the smaller units within the Group. The scope for these units is limited to the four major processes Closing Routine, Order to Cash, Manage Inventory and Procure to Pay and predetermined key risks within these.

Control activities

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the Electrolux Control System, the following controls are implemented, documented and tested;

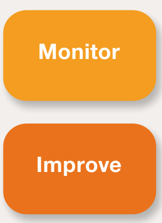
Risk assessment – Example trade receivables

Control activities – Example trade receivables

Process	Risk assessed	Control activity	Type of control
Internal Control and Risk Management	Risk of incorrect and inconsistent financial reporting.	Periodic controls to ensure that the Accounting Manual is updated, communicated and adhered to.	Entity-wide control
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.	Manual control
Manage IT	Risk of unauthorized/incorrect changes in IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.	IT general control
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.	Manual control
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.	Application control

- Manual and application controls – to secure that key risks related to financial reporting within processes are controlled. Examples of important manual and application controls are ones over journal entries, reconciliations, access rights and segregation of duties.
- IT general controls – to secure the IT environment for key applications. Examples of important IT general controls are ones over change management, user administration, production environment and back-up procedures.
- Entity-wide controls – to secure and enhance the control environment within Electrolux. Examples of important entity-wide controls are ones over Group policies, accounting rules, delegation of authority and financial reviews.

Every calendar year, usually between March and May, the documentation of controls is updated and quality-assured. Documentation of controls is stored in a central web-based tool. Documentation comprises of both flowcharts of the process and descriptions of the control activities detailing who performs the control, what he or she does and how often the control is performed. Each control activity documented is also evidenced, i.e., a document or file proving that the control actually has taken place is maintained.



Monitor and improve

Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

The effectiveness of control activities are monitored continuously at four levels: Group, sector, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within the Electrolux Control System, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. The Group's Internal Audit function maintains test plans and performs independent testing of selected controls. Testing is usually performed between June and August each calendar year with some additional testing performed up to and at year-end. Results from testing of controls are monitored through the web-based tool. Controls that have failed need to be remediated, which means establishing and implementing actions to correct weaknesses.

The test results from the larger reporting units are presented to the external auditors who assess the results of the testing performed by management and the Internal Audit function and determine to what extent they can rely upon the work within ECS for Group audit and statutory audit purposes. The external auditors' evaluation of ECS as part of the audit is reported to management as well as to the Audit Board and Audit Committee.

The Audit Committee reviews reports regarding internal control and processes for financial reporting, as well as internal audit reports submitted by the Internal Audit function. The external auditors report to the Audit Committee at each ordinary meeting.

In addition, the Group's Internal Audit function proactively proposes improvements to the control environment. The head of the Internal Audit function has dual reporting lines: To the President and the Audit Committee for assurance activities, and to the CFO for other activities.

Inform and communicate

Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the group-wide intranet as well as information related to the Electrolux Control System. This information includes the methodology, instructions and hands-on checklists, description of the roles and responsibilities, and the overall time plan.

Inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the ECS. This is done through different sign-off procedures during the year.

The status of ECS activities is followed up continuously through status calls between the ECS Office and sector internal control coordinators. Information about the status of the ECS is provided periodically to relevant parties such as Sector and Group Management, the Audit Board and the Audit Committee.

Test of controls and quality assurance

Management testers perform tests of controls in different test phases during the year.

The Internal Audit function performs independent testing of selected controls through desktop reviews and on-site re-performance of tests to ensure methodology is adhered to.

External reporting

The final result after performing the ECS activities is a quality assured internal and external financial reporting.

Financial reporting and information

Electrolux routines and systems for information and communication aim at providing the market with relevant, reliable, correct and vital information concerning the development of the Group and its financial position. Specifically for purposes of considering the materiality of information, including financial reporting, relating to Electrolux and ensuring timely communication to the market, a Disclosure Committee has been formed.

Electrolux has a communications policy meeting the requirements for a listed company.

Financial information is issued regularly in the form of:

- Full-year reports and interim reports, published as press releases
- The Annual Report
- Press releases on all matters which could materially affect the share price
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of full-year and quarterly results and in conjunction with the release of important news
- Meetings with financial analysts and investors in Sweden and worldwide

All reports, presentations and press releases are published simultaneously at www.electrolux.com/ir.

Stockholm, February 1, 2011
AB Electrolux (publ)
The Board of Directors

Auditor's report on the corporate goverance statement

To the annual meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178

It is the Board of Directors who is responsible for the corporate governance statement for the year 2010 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the company.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, February 24, 2011

PricewaterhouseCoopers AB

Anders Lundin	Björn Irle
Authorized Public Accountant	*Authorized Public Accountant*
Partner in Charge	

Annual General Meeting

The Annual General Meeting will be held at 5 pm on Thursday, March 31, 2011, at the Berwald Hall, Dag Hammarskjölds väg 3, Stockholm, Sweden.

Participation

Shareholders who intend to participate in the Annual General Meeting must

- be registered in the share register kept by the Swedish central securities depository Euroclear Sweden AB on Friday, March 25, 2011, and
- give notice of intent to participate, thereby stating the number of assistants attending, to Electrolux on Friday, March 25, 2011.

Notice of participation

Notice of intent to participate can be given

- by mail to AB Electrolux, c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden
- by telephone +46 8 518 015 52, on weekdays between 9 am and 4 pm
- by fax +46 8 588 042 01
- on the Internet on the Group's website, www.electrolux.com/agm2011.

Notice should include the shareholder's name, personal identity or registration number, if any, address and telephone number. Shareholders may vote by proxy, in which case a power of attorney should be submitted to Electrolux prior to the Annual General Meeting.

Proxy forms in English and Swedish are available on the company's website, www.electrolux.com/agm2011.

Shares registered by trustee

Shareholders that have their shares registered in the name of a nominee must, in addition to giving notice of participation in the meeting, temporarily be recorded in the share register in their own names (so called voting-rights registration) to be able to participate in the General Meeting. In order for such registration to be effectuated on Friday, March 25, 2011, shareholders should contact their bank or trustee well in advance of that date.

Dividend

The Board of Directors proposes a dividend for 2010 of SEK 6.50 per share, for a total dividend payment of approximately SEK 1,850m. The proposed dividend corresponds to approximately 40% of income for the period, excluding items affecting comparability. Tuesday, April 5, 2011, is proposed as record date for the dividend.

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

Factors affecting forward-looking statements

This annual report contains "forward-looking" statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following; consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.

Events and reports

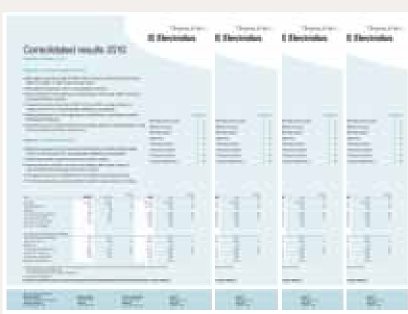
The Electrolux website www.electrolux.com/ir contains additional and up-dated information about, for example, the Electrolux share and corporate governance. At the beginning of 2010, a new platform for financial statistics was launched. The platform allows for graphic illustrations of Electrolux development on annual or quarterly basis.

Electrolux Annual Report 2010 consists of:

- Operations and strategy
- Financial review, Sustainability Report and Corporate Governance Report

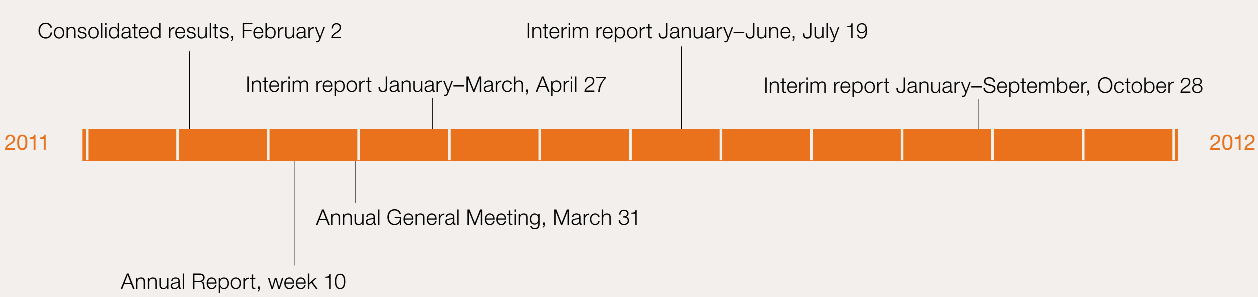
Electrolux annual report can be found at www.electrolux.com/annualreport2010

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



Electrolux GRI reports can be found at www.electrolux.com/sustainability

Financial reports and major events in 2011



Electrolux subscription service can be found at www.electrolux.com/subscribe

Complete solutions for professionals and consumers

Johan Jureskog, the well-known chef with experience from the Swedish Culinary Team and prize-winning restaurants in Sweden and France, has a complete kitchen solution supplied by Electrolux at his restaurant Rolfs Kök in Stockholm (left). At home, in Johan's personal kitchen (above), the equivalent consumer products can be found.

An increasing number of consumers desire to emulate the professionals and demand products and solutions similar to those found at the best restaurants. Electrolux is the only appliance manufacturer in the industry to offer complete solutions for professionals and consumers.

Thinking of you

Electrolux

Thinking of you

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