

Press release

Stockholm, December 15, 2008

Electrolux introduces further cost-reduction measures due to sharp decline in demand

As a result of weakening demand for appliances in the two last weeks of November and in December, Electrolux will not reach its outlook for the full year of 2008. In light of the sharp market decline, Electrolux is reducing the number of employees by more than 3,000 in the fourth quarter of 2008 and in 2009.

Demand for appliances in Europe and North America declined considerably in the two last weeks of November. The weak market has had a negative impact on Electrolux sales volumes and product mix during the fourth quarter.

As of November 2008, operating income, excluding items affecting comparability, amounted to approximately SEK 2.7 billion. In December, demand for appliances in Europe and North America continues to show a sharp decline. As sales in December are seasonally low, there is a risk that operating income for the month will be slightly negative.

As a consequence of these negative developments for the fourth quarter, it is no longer possible to achieve the outlook of an operating income in 2008 of SEK 3.3 – 3.9 billion, excluding items affecting comparability.

Electrolux has throughout 2008 introduced a number of cost-saving activities, including reduction of the number of employees. Due to the negative development on the main markets, cost-saving activities will be further intensified. Measures have been launched to reduce the number of employees by more than 3,000 in the fourth quarter of 2008 and continue in 2009. All operations on a global basis are affected. The costs for these actions are approximately SEK 1.2 billion, and will be charged against operating income before items affecting comparability in the fourth quarter of 2008. The savings are expected to amount to approximately SEK 1.1 billion on a yearly basis, with full effect as of 2010.

In addition to these activities, Electrolux continues to move production capacity to low-cost countries in accordance with the restructuring program launched in 2004. The program, which will be completed in 2009 and 2010, will further reduce the number of employees.

AB ELECTROLUX (PUBL)

POSTAL ADDRESS
SE-105 45 STOCKHOLM
VISITING ADDRESS
S:T GÖRANSGATAN 143

MEDIA HOTLINE
+46 8 657 65 07
TELEFAX
+46 8 738 74 61

INVESTOR RELATIONS
+46 8 738 60 03
WEB SITE
www.electrolux.com

E-MAIL
ir@electrolux.se
REG.NO.
556009-4178

For further information, please contact:
Electrolux media hotline on +46 8 657 65 07 or
Electrolux Investor Relations on +46 8 738 60 03.

Electrolux is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire. In 2007, Electrolux had sales of SEK 105 billion and 57,000 employees. For more information, visit <http://www.electrolux.com/press>

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