

## BASE PROSPECTUS

# AB ELECTROLUX (publ)

(Incorporated as a public company with limited liability under the laws of Sweden)

EUR 2,000,000,000

### Euro Medium Term Note Programme

Under the EUR 2,000,000,000 Euro Medium Term Note Programme (the **Programme**), AB Electrolux (publ) (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement as defined herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "General Description of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Law on prospectuses for securities dated 10 July 2005 to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under **Terms and Conditions of the Notes**) of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

#### Arranger

DEUTSCHE BANK

#### Dealers

DEUTSCHE BANK

CITI

HANDELSBANKEN CAPITAL MARKETS

NORDEA

SEB

GOLDMAN SACHS

HSBC

THE ROYAL BANK OF SCOTLAND

SOCIÉTÉ GÉNÉRALE

The date of this Base Prospectus is 14 March, 2008.

**This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the *Prospectus Directive*).**

**The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).**

**This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.**

**The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.**

**No person is or has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with in this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.**

**Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries (together, *the Group*). Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.**

**Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.**

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions Notes may not be offered, sold or delivered within the United States or to, or for the amount or benefit of U.S. persons (see "*Subscription and Sale*")**

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or**

published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Sweden) and Japan (see "*Subscription and Sale*").

Neither this Prospectus nor any Final Terms nor any financial statements nor any other information supplied in connection with the Programme or the Notes constitutes an offer by the Issuer or the Dealers to any person to subscribe for or to purchase any Notes.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to "*U.S. dollars*", "*U.S.\$*" "*\$*" refer to United States dollars and to "*SEK*" refer to Swedish Krona. In addition, all references to "*euro*", "*EUR*" and "*€*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### ***Market competition and price pressure***

The markets for the Group's products are highly competitive and there is considerable pressure to reduce prices, especially when faced with an economic downturn and possible reductions in consumer demand. The Group faces strong competitors, who may prove to have greater resources in a given business area, and the likely emergence of new competitors, particularly from Asia and Eastern Europe. Some industries in which the Group operates are undergoing consolidation, which may result in stronger competitors and a change in the Group's relative market position. In response to an increasingly competitive environment, the Group and other manufacturers may be forced to increase efficiency by further reducing costs along the value chain, including at the level of suppliers. The development of alternative distribution channels, such as the Internet, could also contribute to further price pressure within the Group's markets. There can be no assurances that the Group will be able to adapt to these changes and increase or maintain its market share.

#### ***Global economic conditions***

Conditions in many of the economies in which the Group operates and the global economy remain very uncertain. The business environment in some of the markets in which the Group operates may be adversely affected by political as well as economic instability. A lengthy recession or sustained loss of consumer confidence in the markets in which the Group operates could trigger a significant industry-wide decline in sales and could also lead to slower economic growth and a corresponding significant reduction in demand. Global and regional economic conditions could have an adverse impact on the operations of the Group.

#### ***Risks relating to the relocation of manufacturing capacity***

As part of its cost reduction strategy the Group has in the past, and will in the future, relocate some of its manufacturing capacity to low cost countries. The transfer of production from one facility to another is a costly and complex process, and presents the possibility of additional disruptions and delays during the transition period. In addition, during relocation the Group will be dependent on cost-efficient deliveries of components and half-finished goods from suppliers. The Group might not be able to successfully transition production to different facilities. Any prolonged disruption in the operations of any of its manufacturing facilities or any unforeseen delay in shifting manufacturing operations to new facilities, whether due to technical or labour difficulties or delays in regulatory approvals, could result in delays in shipments of products to the Group's customers, increased costs and reduced revenues.

### ***Consolidation of retail chains and increased dependence on large customers***

Due to the ongoing consolidation of retail chains, major customers account for a large and increasing part of the Group's sales, and give retailers a stronger negotiating position. This trend towards consolidation has resulted in greater commercial and credit exposures. If the Group were to experience a material reduction in orders or become unable to collect fully its accounts receivable from a major customer, its net sales and financial results would suffer.

### ***Development of new and innovative products***

Product innovation and development are critical factors in improving margins and enabling net sales growth in all of the Group's product lines. To meet the customers' needs in these businesses, the Group must continuously design new, and update existing, products and services and invest in and develop new technologies. Product development is also driven by customer demand for better environmental performance and lower cost of use. Introducing new products requires significant management time and a high level of financial and other commitments to research and development, which may not result in success. Group sales and the Issuer's net income may suffer if investments are made in technologies that do not function as expected or are not accepted in the marketplace.

### ***Acquisitions and dispositions***

The Group has in the past, and may in the future, increase significant market positions in its product areas through organic growth and acquisitions and by improving operational efficiencies. Expansion through acquisitions is inherently risky due to the difficulties of integrating people, operations, technologies and products. The Group may incur significant acquisition, administrative and other costs in connection with any such transactions, including costs related to integration of acquired or restructured businesses. There can be no assurances that the Group will be able to successfully integrate any businesses it acquires into existing operations or that they will perform according to expectations once integrated. Similarly, dispositions of certain non-core assets may prove more costly than anticipated and may affect its net sales and results of operations.

### ***Implementation of cost-reduction measures and generation of expected cost-savings***

The Group has implemented restructuring programs to improve operating efficiencies and profitability. These restructuring measures included the divestitures of unprofitable non-core operations, layoffs of employees, consolidation of manufacturing operations, relocation of the Group's production from high-cost countries to those with lower cost levels and other cost-cutting measures. The Group has also put substantial effort into driving down costs and complexity throughout the supply chain by improving integration of the supply chain and demand flow management. There can be no assurances that these measures will generate the level of cost savings that the Group has estimated going forward.

### ***Dependency on third-party suppliers***

The Group's manufacturing process depends on the availability and timely supply of components and raw materials, generally from third-party suppliers. While supply problems can affect the performance of most of the Group's business sectors, it is particularly sensitive to supply problems related to electronic components, compressors, steel, plastics, aluminium and copper. The Group works closely with its suppliers to avoid supply-related problems and is increasing its supply of sourced finished products, but there can be no assurances that it will not experience problems in the future.

### ***Risks related to changes in commodity prices***

The Group is subject to risks related to changes in commodity prices as the ability to recover increased costs through higher pricing may be limited by the competitive environment in which it operates. The recent development in many commodity markets has resulted in higher prices,

particularly for steel, plastics, copper and aluminium. The Group's commodity risk is mainly hedged through bilateral contracts with suppliers but there can be no assurances that this hedging activity will be sufficient or effective in reducing costs.

### ***Risks in foreign exchange and interest rates***

The Group operates in approximately 60 countries around the world and as a result is subject to the risks associated with cross-border transactions. In particular, the Group is exposed to foreign currency exchange-rate risks and risks relating to delayed payments from customers in certain countries or difficulties in the collection of receivables generally. The Group is also subject to risks arising from translation of balance sheets and income statements of foreign subsidiaries to Swedish Krona as well as through export of products and sales outside the country of manufacture, i.e., transaction exposure. Changes in exchange rates also affect Group equity. The difference between assets and liabilities in foreign countries is subject to these changes and comprises a net foreign investment

While the Group's geographically widespread production and its hedging transactions reduce the effects of changes in exchange rates, there can be no assurances that these measures will be sufficient to protect the Group from foreign exchange movements.

In addition, the Group holds assets and liabilities to manage the liquidity and cash needs of its day-to-day operations. These interest-rate sensitive assets and liabilities are subject to interest rate risk. While these interest-rate exposures are minimized to some extent by the use of derivative financial instruments, there can be no assurances that these hedging activities will be effective or sufficient.

### ***Pension commitments***

The Group has pension and healthcare benefit obligations in various countries of which the main part is funded via investments in equities, bonds, and other external assets in pension schemes. Changes in the value of assets and commitments year-on-year depend primarily on trends in interest rates and stock markets. Changes in the assumptions regarding average life expectancy and the costs of health care are also factors that affect pension commitments. Any shortfall in the Group's funding obligations may require significant additional funding to the detriment of the Issuer.

### ***Regulatory risks associated with international operations***

As a result of its worldwide operations, the Group is subject to a wide variety of complex laws, regulations and controls, and various non-binding treaties and guidelines, such as those related to employee safety, employee relations, product safety and exchange controls. The Group expects that sales to, as well as manufacturing in, and sourcing from, emerging markets, particularly China, Southeast Asia, Eastern Europe and Mexico, will continue to be an increasing portion of its total operations. Changes in regulatory requirements, economic and political instability, tariffs and other trade barriers and price or exchange controls could limit its operations in these countries and make the repatriation of profits difficult. In addition, the uncertainty of the legal environment in certain of the countries in which it operates could limit the Group's ability to effectively enforce its rights in those markets.

### ***Environmental risks***

The Group's operations are subject to numerous European Union (the **EU**) national and local environmental, health and safety directives, laws and regulations, including those pertaining to the storage, handling, treatment, transportation and disposal of hazardous and toxic materials, the construction and operation of its plants and standards relating to the discharge of pollutants to air, soil and water. Although the Group believes its operations are in substantial compliance with presently applicable environmental, health and safety laws and regulations, violations of such laws and regulations have occurred from time to time and may occur in the future. In addition, risks of substantial costs and liabilities, including for the investigation and remediation of past or present

contamination, are inherent in the Group's ongoing operations and its ownership or occupation of industrial properties, and may arise specifically from its planned closure of certain of its manufacturing plants.

Other developments, such as increased requirements under environmental, health and safety laws and regulations, increasingly strict enforcement of them by governmental authorities, and claims for damage to property or injury to persons resulting from environmental, health or safety impacts of the Group's operations or past contamination, could prevent or restrict its operations, result in the imposition of fines, penalties or liens, or give rise to civil or criminal liability.

The Group maintains liability insurance at levels that management believes are appropriate and in accordance with industry practice. In addition, the Group maintains provisions on its balance sheet for certain environmental remediation matters. There can be no assurances, however, that (i) the Group will not incur environmental losses beyond the limits, or outside the coverage, of any insurance or that any such losses would not have a material adverse effect on the results of its operations or financial condition, or (ii) the Group's provisions for environmental remediation will be sufficient to cover the ultimate loss or expenditure.

#### ***Cost related to compliance with EU directives regulating environmental impacts associated with electrical and electronic equipment***

The EU has adopted directives specifically regulating environmental impacts associated with electrical and electronic equipment, and the Group is implementing policies and procedures to ensure compliance with these directives. The Waste Electrical and Electronic Equipment (the **WEEE**) directive imposes responsibility on manufacturers and importers of electrical and electronic equipment for the cost of recycling, treatment and disposal of such equipment after its useful life. The Group has compensated for a large share of the cost by visibly including a surcharge in the price of the products concerned. In most European countries a surcharge is permissible until 2011 for small appliances and until 2013 for large appliances. Surcharges will not be permitted after these dates. Compliance with the WEEE directive could have a material adverse effect on the Group's business or results of operation in the future.

#### ***Pending lawsuits in the United States claiming asbestos-related personal injuries***

Litigation and claims relating to asbestos are pending against the Group in the United States. Almost all of the cases relate to externally supplied components used in industrial products manufactured by discontinued operations of the Group prior to the early 1970s. Some of the cases involve multiple plaintiffs who have made identical allegations against many other defendants who are not part of the Group.

As of December 31, 2007, the Group had a total of 1,998 (1,688) cases pending, representing approximately 2,600 (approximately 7,700) plaintiffs. During 2007, 1,041 new cases with approximately 1,050 plaintiffs were filed and 731 pending cases with approximately 6,140 plaintiffs were resolved. Approximately 310 of the plaintiffs relate to cases pending in the State of Mississippi.

The Group has reached an agreement 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 the Group 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 the Group 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.

### ***Warranty expenses***

The Group's value chain comprises all the steps in its operations, from research and development, through production, marketing and sales. Operational failures in its value chain processes could result in quality problems or potential product, labour safety, regulatory or environmental risks. Such risks are particularly present in relation to the Group's production facilities which are located all over the world and have a high degree of organizational and technological complexity. Unforeseen product quality problems in the development and production of new and existing products could result in loss of market share and significantly higher warranty expenses.

### ***Product recalls or product liability actions***

Under laws in many countries regulating consumer products, the Group may be forced to recall or repurchase some of its products under certain circumstances, and more restrictive laws and regulations may be adopted in the future. Any repurchase or recall of products could be costly to the Group and may damage its reputation. If the Group was required to remove, or it voluntarily removed, its products from the market, the Group's reputation could be tarnished and it might have large quantities of finished products that could not be sold. Accordingly, there can be no assurances that product recalls would not have a material adverse effect on the Group's business, results of operations and financial condition.

The Group also faces exposure to product liability claims in the event that one of its products is alleged to have resulted in property damage, bodily injury or other adverse effects. The Group has become implicated in certain lawsuits in the ordinary course of its business, including suits involving allegations of improper delivery of goods or services, product liability and product defects and quality problems. The Group is largely self-insured for product liability matters expected to occur in the normal course of business and funds these risks, for the most part, through wholly owned insurance subsidiaries. The Group accrues for such self-insured claims and litigation risks when it is probable that an obligation has been incurred and the amount can be reasonably estimated. In addition, for large catastrophic losses, the Group maintains excess product liability insurance with third-party carriers in amounts that it believes are reasonable. However, there can be no assurances that product liability claims will not have a material adverse effect on the Group's business, results of operations or financial condition.

### ***Risks related to its insurance coverage***

The Group maintains third-party insurance coverage and self-insures through wholly owned insurance subsidiaries (captives) for a variety of exposures and risks, such as property damage, business interruption and product liability claims. However, while the Group believes it has adequate insurance coverage for all anticipated exposures in line with industry standards, there can be no assurances that (i) the Group will be able to maintain such insurance on acceptable terms, if at all, at all times in the future or that claims will not exceed, or fall outside of, its third-party or captive insurance coverage, or (ii) its provisions for uninsured or uncovered losses will be sufficient to cover its ultimate loss or expenditure.

### ***Major agreement with Husqvarna AB after the spin-off***

In June 2006, the Issuer effectuated the spin-off of the Group's Outdoor Products operations (***Outdoor Products***) by way of a dividend of all shares in Husqvarna AB (***Husqvarna***) (being the parent of the Outdoor Products group) to the shareholders of the Issuer. In order to govern the creation of Outdoor Products as a separate legal entity, as well as govern the relationship in certain aspects between the Issuer and Outdoor Products following the separation, the Issuer and Husqvarna and some of their respective subsidiaries have entered into a Master Separation Agreement and related agreements (the ***Separation Agreements***).

Under the Separation Agreements, the Issuer has retained certain potential liabilities with respect to the spin-off and Outdoor Products. These potential liabilities include certain liabilities of the Outdoor Products business which cannot be transferred or which have been considered too difficult to

transfer. Losses pursuant to these liabilities are reimbursable pursuant to indemnity undertakings from Husqvarna. In the event that Husqvarna is unable to meet its indemnity obligations should they arise, the Issuer would not be reimbursed for the related loss and this could have a material adverse effect on the Issuer's results of operations and financial condition.

### ***Tax effects of the distribution***

The Issuer has received a private letter ruling from the U.S. Internal Revenue Service (**IRS**) with regard to the distribution of the shares in Husqvarna and the U.S. corporate restructurings that preceded the distribution. The ruling confirms that these transactions will not entail any U.S. tax consequences for the Issuer, its U.S. subsidiaries or U.S. shareholders of the Issuer. In the event that any facts and circumstances upon which the IRS private ruling has been based is found to be incorrect or incomplete in a material respect or if the facts at the time of separation were, or at any relevant point in time are, materially different from the facts upon which the ruling was based, the Issuer could not rely on the ruling. Additionally, future events that may or may not be within the control of the Issuer or Husqvarna, including purchases by third parties of Husqvarna stock or the Issuer's stock, could cause the distribution of Husqvarna stock and the U.S. corporate restructurings that preceded the distribution not to qualify as tax-free to the Issuer and/or U.S. holders of the Issuer's stock. An example of such event is if one or more persons were to acquire a 50 per cent. or greater interest in Husqvarna stock or the Issuer's stock.

The Issuer has – as one of the Separation Agreements – concluded a Tax Sharing and Indemnity Agreement (the **Tax Sharing Agreement**) with Husqvarna. Pursuant to the Tax Sharing Agreement, Husqvarna and two of its U.S. subsidiaries have undertaken to indemnify the Issuer and its group companies for U.S. tax cost liabilities in certain circumstances. If the distribution of the shares in Husqvarna or the U.S. corporate restructurings that preceded the distribution would entail U.S. tax cost liabilities, and Husqvarna would not be obliged to indemnify such liabilities or would not be able to meet its indemnity undertakings, this could have a material adverse effect on the Issuer's results of operations and financial condition.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall

investment portfolio.

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

### ***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an

increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### **Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

##### *Modification*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

##### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

##### *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

##### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid

and difficult to trade.

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Market value of the Notes***

The market value of the Notes may be affected by the creditworthiness or perceived creditworthiness of the Issuer and a number of additional factors, including market interest, yield rates, and the market's perception of comparable debt instruments issued by other corporate or financial institutions.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

(a) the following pages of the audited consolidated annual financial statement of the Issuer for the financial years ended 31 December, 2006:

### 2006 Annual Financial Statement

Balance Sheet .....	Pages 57 to 59
Profit and Loss Account .....	Pages 52 to 55
Accounting Principles and Notes.....	Pages 71 to 107
Audit Report.....	Page 109

(b) the following pages of the audited consolidated annual financial statement of the Issuer for the financial years ended 31 December, 2007:

### 2007 Annual Financial Statement

Balance Sheet.....	Pages 10 to 12
Profit and Loss Account.....	Pages 6 to 9
Accounting Principles and Notes .....	Pages 29 to 67
Audit Report .....	Page 69
Corporate Governance Report.....	Pages 88 to 98

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

To the extent any document incorporated by reference incorporates further documents by reference such further information shall not form part of this Base Prospectus.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes in compliance with Article 16 of the Prospectus Directive.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “**Form of the Notes**” and “**Terms and Conditions of the Notes**” below shall have the same meanings in this general description.

<b>Issuer:</b>	AB Electrolux (publ)
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> ." In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Deutsche Bank AG, London Branch
<b>Dealers:</b>	Deutsche Bank AG, London Branch Citigroup Global Markets Limited Goldman Sachs International HSBC Nordea Bank Danmark A/S The Royal Bank of Scotland plc Skandinaviska Enskilda Banken AB (publ); Société Générale Svenska Handelsbanken AB (publ); and any other Dealers appointed in accordance with the Programme Agreement.
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus. <b>Notes with a maturity of less than one year</b> Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
<b>Issuing and Principal Paying Agent</b>	Deutsche Bank AG, London Branch
<b>Programme Size:</b>	Up to EUR 2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme

Agreement.

<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The Notes will be issued in Series. Each Series may be issued in Tranches.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
<b>Redenomination:</b>	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
<b>Maturities:</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"><li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li><li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li><li>(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.</li></ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
<b>Index Linked Notes:</b>	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.</p> <p>[There may be restrictions under present Swedish law relating to the issue of Index Linked Redemption Notes which if, applicable, will need to be complied with.]</p>
<b>Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:</b>	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the</p>

relevant Dealer.

- Dual Currency Notes:** Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
- Zero Coupon Notes:** Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
- Redemption:** The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
- The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.
- Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes with a maturity of less than one year*" above.
- Denomination of Notes:** Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes with a maturity of less than one year*" above, and save that Notes admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be issued in a denomination of not less than €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
- Taxation:** All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances as provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
- Negative Pledge:** The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
- Cross Default:** The terms of the Notes will contain a cross default provision in respect of any indebtedness for borrowed money of the Issuer or any guarantee or indemnity given by the Issuer in respect of any borrowed money as further described in Condition 9.
- Status of the Notes:** The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
- Rating:** The rating of the Notes to be issued under the Programme may

be specified in the applicable Final Terms. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Listing and admission to trading:** Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each Tranche. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:** The Notes will be governed by, and construed in accordance with, English law.

**Selling Restrictions:** There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including but not limited to the United Kingdom and Sweden) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S., Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**), which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, Receipts, Coupons and Talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, Receipts, Coupons and Talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all Receipts and Coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, Receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, Receipts or Coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under **Terms and Conditions of the Notes**), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of 30 days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer, as the case may be, in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 14 March 2008 and executed by the Issuer.

## APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 50,000 (or its equivalent in another currency).

[Date]

### AB ELECTROLUX (publ)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the euro 2,000,000,000

### Euro Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 14 March 2008 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 14 March 2008 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated 14 March 2008 and [original date]. Copies of such Base Prospectuses are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

- |    |                                   |   |
|----|-----------------------------------|---|
| 1. | Issuer:                           | AB Electrolux (publ)  |
| 2. | (i) Series Number:                | [ ]   |
|    | (ii) Tranche Number:              | [ ]   |
|    |                                   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [ ]   |
| 4. | Aggregate Nominal Amount:         |   |
|    | (i) Tranche:                      | [ ]   |
|    | (ii) Series:                      | [ ]   |
| 5. | Issue Price:                      | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]if applicable]                       |

- 6 (i) Specified Denominations: [ ]
- (Note – where multiple denominations above €50,000 or equivalent are being used the following sample wording should be followed:*
- "€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Notes in definitive form will be issued with a denomination above €99,000.")*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required.)*
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[ ] per cent. Fixed Rate]
- [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Dual Currency Interest]
- [specify other]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
- [Index Linked Redemption]
- [Dual Currency Redemption]
- [Partly Paid]
- [Instalment]
- [specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
11. Change of Interest Basis or [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment

- Redemption/Payment Basis: *Basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: Senior  
(ii) Date Board approval for issuance of Notes obtained: [ ]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
14. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent., per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 4)*
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]  
*(N.B. This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
*(Applicable to Notes in definitive form.)*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (vi) Determination Date(s): [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*  
*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*  
*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day

- Convention/Preceding Business Day  
Convention/[*specify other*]]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-][ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
*Other*]  
*(See Condition 4 for alternatives)*
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6.5 (iii) and (j) apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollars denominated)*
18. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent [give name and address]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ]
- (v) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [ ]
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *Need to include a description of market disruption or settlement disruption events and adjustment provisions*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 20. Issuer Call [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ [ ] per Calculation Amount/specify other/see Appendix]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Maximum Redemption Amount: [ ]
  - (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 21. Investor Put [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
  - (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 22. Final Redemption Amount of each Note: [ [ ] per Calculation Amount/specify other/see Appendix]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.5):
- [[ ] per Calculation Amount/specify other/see Appendix]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details]

*(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(iii) and 18(vi) relate)*

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues.]

28. Details relating to Instalment Notes:

- (i) Instalment Amount(s):

[Not Applicable/give details]

- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable
- [(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)]*
30. Other final terms: [Not Applicable/give details]
- [(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*
- (Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)*

## DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement: [ ]
- (The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).*
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [ ]
33. U.S. Selling Restrictions: [Reg. S Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Bourse de Luxembourg of the Notes described herein pursuant to the EUR 2,000,000,000 Euro Medium Term Note Programme of AB Electrolux (publ).

## RESPONSIBILITY

The Issuer accept responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source].* The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of AB Electrolux (publ):

By:.....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Bourse de Luxembourg with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Bourse de Luxembourg with effect from [ ].]  
[Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [Not Applicable.]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. *[Amend as appropriate if there are other interests]*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer [ ]
- (ii) Estimated net proceeds: [ ]
- (iii) Estimated total expenses: [ ]

*(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

### 5. YIELD (Fixed Rate Notes only)

- Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-linked Notes only*)

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation (in particular the exercise price or final reference price of the underlying).]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**7. PERFORMANCE OF RATE[S] OF EXCHANGE** (*Dual Currency Notes only*)

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**8. OPERATIONAL INFORMATION**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]
- [(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]

## TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by AB Electrolux (publ) (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 1<sup>st</sup> October 1992 as amended and restated on 14 March, 2008 and made between the Issuer and Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single Series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 14 March, 2008 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of each of the Principal Paying Agent and the other

Paying Agents Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of, Euroclear and Clearstream, Luxembourg, as the case may be. References to, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms (or as may otherwise be approved by the Issuer and the Paying Agents).

## **2. STATUS OF THE NOTES**

The Notes and any relative Receipts and Coupons (if any) constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated

obligations (subject to statutory preferred exceptions) of the Issuer.

### 3. NEGATIVE PLEDGE

For as long as any of the Notes remain outstanding the Issuer shall not grant or permit to exist any mortgage, pledge, lien (not being a lien arising by operation of law) or other encumbrance over its present assets or revenues to secure any indebtedness represented by notes, bonds or debentures or other forms of debt securities:

- (i) which are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other similar securities market; and
- (ii) which are (A) payable in a currency other than Swedish Krona or (B) if payable in Swedish Krona issued as to more than 25 per cent. in aggregate principal amount thereof outside Sweden,

without at the same time equally and rateably according the same security to the Notes or such other security as shall have been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

### 4. INTEREST

#### 4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest, Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period

during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

#### 4.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 4.2(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET**) System (the **TARGET System**) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations)

and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

*(iii) Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

*(iv) Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case,

multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the

Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day

is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **4.3 Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

### **4.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

### **4.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## **5. PAYMENTS**

### **5.1 Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

## **5.2 Presentation of definitive Notes, Receipts and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

## **5.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note,

distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

#### **5.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

#### **5.5 Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London;
  - (C) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

#### **5.6 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;

- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **6.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, or interpretation of, the laws, published practice or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If the Issuer would, on the occasion of the next payment in respect of the Notes, be prevented by Swedish law from making payment to the Noteholders, Receiptholders or Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6, then the Issuer shall forthwith give notice of such fact to the Principal Paying Agent and the Issuer shall, upon giving not less than seven days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount referred to in paragraph (e) below together, if appropriate, with interest accrued to the date fixed for redemption, provided that the due date for redemption, of which notice hereunder shall be given, shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes or, if later, as soon as practicable thereafter.

### **6.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

#### **6.4 Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 45 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form and held outside Euroclear or Clearstream Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

#### **6.5 Early Redemption Amounts**

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

## 6.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6.5 above.

## 6.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

## 6.8 Purchases

The Issuer or any Subsidiary (as defined in the Agency Agreement) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

## 6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## 6.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5 (iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## 7. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay, subject to Condition 6.2, such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment in the Kingdom of Sweden; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt, Talon or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of the Note, Receipt or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by (i) making a declaration of non-residence or other similar claim for exemption in the relevant tax authority; or (ii) presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11.

## 8. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

## 9. EVENTS OF DEFAULT

If:

- (i) there is failure to make payment for more than five days of any principal or any interest in respect of any Note when and as the same is due to be paid; or
- (ii) the Issuer fails to comply with any other terms of the Notes and such failure (unless it is not capable of being cured) continues unremedied for 30 days after written notice thereof shall have been given to the Issuer in the manner specified below; or
- (iii) any indebtedness for borrowed money of the Issuer becomes, or is declared due and payable prior to its scheduled maturity as a result of a default thereunder or any such indebtedness for borrowed money or interest thereon is not paid when due or within any applicable grace period therefor or any guarantee or indemnity given by the Issuer in respect of any indebtedness for borrowed money is not honoured when due and called

upon or within any applicable grace period therefor, and, in each case, the aggregate principal amount of such indebtedness exceeds euro 20,000,000; or

- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved (otherwise than for the purposes of a reconstruction, merger or consolidation under which the Issuer is the continuing corporation or the terms whereof have previously been approved by an Extraordinary Resolution of the Noteholders); or
- (v) an encumbrancer takes possession or a receiver is appointed of the whole or substantially all of the assets or undertaking of the Issuer and is not paid out in full or discharged within thirty days; or
- (vi) a distress, execution or other process is levied or enforced upon or sued out against the whole or substantially all of the property of the Issuer and is not discharged within 30 days thereof; or
- (vii) the Issuer stops payment or (otherwise than for the purposes of such reconstruction, merger or consolidation as is referred to in sub-paragraph (iv) of this Condition) ceases or threatens to cease to carry on business or is unable to pay its debts as and when they fall due; or
- (viii) proceedings are initiated against the Issuer under any applicable bankruptcy, insolvency, composition or other similar laws and such proceedings are not discharged or stayed within a period of 30 days; or
- (ix) the Issuer initiates or consents to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors generally;

then any Noteholder may, by written notice to the Issuer at the specified office of the Principal Paying Agent, declare the Notes held by such Noteholder to be forthwith due and payable at their Early Redemption Amount referred to in Condition 6.5 together, if appropriate, with interest accrued to the date of payment, and the same shall become immediately due and payable, unless prior to the time when such written notice is received all such defaults shall have been remedied.

#### **10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **11. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Paying Agent outside the Kingdom of Sweden;
- (c) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the

Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying agent.

## **12. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## **13. NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in (a) a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *d'Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the same day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg,

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

Pursuant to the Agency Agreement, the Issuer may at any time, and upon a request in writing made by Noteholders holding not less than one-tenth of the nominal amount of the Notes outstanding at any time after any Note shall have become payable owing to default shall, convene a meeting of Noteholders. Any such request in writing by Noteholders shall be made by lodging the same together with the relative Note or Notes at the specified office of the Principal Paying Agent or any Paying Agent. The provisions concerning meetings of Noteholders are contained in Schedule 5 to the Agency Agreement. The Principal Paying Agent may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with any mandatory law.

## **15. CURRENCY INDEMNITY**

The Issuer agrees to indemnify any Noteholder, Receiptholder or Couponholder against any loss incurred by such holder as a result of any judgment or order being given or made by any court for any reason not attributable to such holder for the payment of any amount due hereunder and such judgment or order being expressed by reason of applicable law in a currency other than the Specified

Currency and as a result of any variation having occurred in rates of exchange between the date as of which the Specified Currency amount is converted for such judgment or order and the date of actual payment thereof.

This indemnity shall constitute a separate and independent obligation from the other obligations contained herein, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Receiptholder or Couponholder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due hereunder or under any such judgment or order. Any such loss or damage as aforesaid shall be deemed to constitute a loss suffered by the Noteholder, Receiptholder or Couponholder and no proof or evidence of any actual loss shall be required by the Issuer. Nothing in this Condition shall prevent the Issuer from discharging its obligations in respect of any Note, Receipt or Coupon by making payment in accordance with Condition 7.

## **16. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **17. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **18.1 Governing law**

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

### **18.2 Submission to jurisdiction**

The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

### **18.3 Appointment of Process Agent**

The Issuer appoints Electrolux Plc. of Addington Way, Luton, Bedfordshire, LU4 9QQ, United Kingdom as its agent for service of process, and undertakes that, in the event of Electrolux Plc. ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF AB ELECTROLUX (publ)

### Business Overview

The Issuer is the parent company of a Group which is a global leader in home appliances and appliances for professional use. The Group sells more than 40 million products in 150 countries every year. The Group focuses on products that are thoughtfully designed, based on consumer insight and meet the needs of consumers and professionals. The Group's products include refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, and small appliances. The Group includes widely recognised brands such as Electrolux, AEG-Electrolux, Zanussi, Eureka and Frigidaire. In the year 2007, the Group had sales of SEK 104,732 million (approximately EUR 11,326) and 56,898 employees around the world.

### History

The Issuer was incorporated under the laws of the Kingdom of Sweden on 10 February 1910, with registered number 556009-4178. It was the product of a merger between Elektromekaniska AB and AB Lux. The Issuer's current registered address is St.Göransgatan 143, 105 45 Stockholm, Sweden, telephone +46 8738 6000.

The Issuer was listed on the London Stock Exchange in 1928 and on the Stockholm Stock Exchange in 1930. In 1987 trading of American Depositary Receipts (**ADRs**) representing the Issuer's B-shares started on the NASDAQ National Market. In 2005, the Issuer de-listed its ADRs from Nasdaq in response to the internationalisation of capital markets and the increase in international ownership of shares on the Stockholm and London stock exchanges. The Issuer saw a steady expansion of its business through the mid twentieth century, with a programme of gradual acquisition and product development. In 1984, following the acquisition of Italian company, Zanussi, the Group emerged as a leader in the European household appliance and food-service appliance markets. In 1994 the Group acquired the white goods division of German manufacturer, AEG. A period of restructuring and strengthening of the Issuer's core business followed in the 1990's and into the next century, including significant expansion into the North American market and the development of the Group's global presence, including such acquisition as that of the household division of the Australian company, Email Limited, in 2001.

### Recent developments

More recently, the Group disposed of its outdoor products division Husqvarna AB (**Husqvarna**), which is now listed as a separate company on the Stockholm Stock Exchange. Husqvarna's operations previously represented approximately 20 per cent. of the Group's sales. The disposal of Husqvarna from the Group was effected by a distribution of the share capital to shareholders in the Issuer by way of a dividend. The disposal was completed on 7 June 2006.

The Group is currently engaged in a restructuring programme which is expected to generate substantial annual savings from 2010 onwards.

### Business profile

The Group has steadily increased its operating income over the past few years. Results for the Group in the year to 31 December 2007 continue this trend. Net sales amounted to SEK 104,732 million (approximately EUR 11,326 million), an increase of 0.9 per cent. on the previous financial year. Operating income increased by 5.7 per cent. on the previous year in the year to 31 December 2007, and an increase of 4 per cent. for comparable currencies.

The figures reflect the Group's successful improvement in its operating income across all business areas and increased investment levels in product development and brand building.

The Group has a leading market position within major appliances and floor care products in both Europe and North America. It is the only global supplier of vacuum cleaners and accessories. The Group is the leading producer of major appliances in Australia and has a good market presence for sales of major appliances in Brazil and China. The Group is one of the leading producers in the world market for commercial kitchen and laundry equipment and has a leading position in the European market. Globally, the Group is one of the world's largest producers of white goods across all product areas.

In the year to 31 December 2007, Europe accounted for 48 per cent. of the Group's sales by geography, North America accounted for 33 per cent., Asia/Pacific 9 per cent., and Latin America 10 per cent.

The Group's presence in core markets has enabled the Group to focus on developing markets, which it considers to offer the most promising long-term growth opportunities. The diversification of the Group across geographical areas and appliance product categories contributes to the stability of the Group's operating performance.

The Group considers low costs and efficient production processes to be crucial to competitiveness, while the development of new innovative products is considered key to higher earnings and growth. A large number of development projects are underway in the Group and will generate a flow of new kitchen and laundry appliances. The Group's key aims are to develop new products while reinforcing brand strength.

## **Organisation**

The Group's operations are divided into two business sectors: Consumer Durables and Professional Products. The Consumer Durables sector is sub-divided by region: Europe, North America, Latin America, and Asia Pacific and rest of world.

### *Consumer Durables*

This division accounts for 93 per cent. of the Group's sales and comprises kitchen appliances, laundry care and floor care. Core markets for Consumer Durables are in Europe and North America. The Group's companies sell cookers, refrigerators, freezers, dishwashers, hoods and small appliances, as well as washing machines and tumble dryers, which are at the core of the Issuer's care of textiles business. Innovations and a growing demand for higher capacity and user-friendliness are driving demand for the Group's products. The Group also sells vacuum cleaners and accessories to consumers worldwide. A strong global distribution network and an attractive product offering have enabled the Issuer to increase its market share in such floor care products. Production is located in low-cost countries achieving cost reduction and efficient operating margins. Around 50 per cent. of the Group's consumer durables products are sold under the Electrolux brand.

In 2007, European net sales of consumer durables increased to SEK 45,472 million (approximately EUR 4,812 million) on the previous year to 31 December, with the Nordic countries, the UK and Germany representing the largest markets for the Group. In North America, net sales increased by 2 per cent. on the previous year to 31 December in comparable currencies. Sales in Latin America have been strong for the Group and rose by 17 per cent. on the previous year to 31 December 2007, with over 70 per cent. being attributed to Brazil. In the Asia Pacific region the Group's sales in Australia represented approximately half the Group's sales, the total for the region being SEK 9,167 million (approximately EUR 970 million), an increase of 6 per cent. compared to 2006.

The Group's Consumer Durables business can be sub-divided into kitchen, laundry and floor-care product groups. Kitchen appliances account for 58 per cent. of the Group's sales. Within this, 49 per cent. of the kitchen products are refrigerators or freezers, 39 per cent. are cookers, hobs or ovens, and the remainder are dishwashers. Washing machines and tumble dryers account for 20 per cent. of the total Group sales. Floor care products (comprising vacuum cleaners and accessories) account for 8 per cent. of total Group sales.

### *Professional Products*

The Professional Products division accounts for approximately 7 per cent. of the Group's sales and comprises products for professional users, for example in industrial kitchens, restaurants and laundries. Europe is the strongest market for professional products, with most goods sold under the Electrolux brand.

The Group supplies restaurants and industrial kitchens with cookers, ovens, dishwashers, refrigerators, freezers and machines for food preparation. The product range also includes storage systems, food trolleys and ventilation. The Group supplies commercial laundries, hotels and hospitals with a range that includes washing machines, tumble dryers and equipment for ironing and finishing. The Group has the widest service network in the sector.

The Group has outsourced much of the production of components and instead focuses on assembly. The share of own-manufactured products in Group sales has been increasing over recent years.

## **Major financing arrangements**

The major financing arrangements of the Group are described in note 17 in the 2007 Annual Financial Statement. In outline, the Issuer raises finance from various sources including loan facilities, a global medium term note programme and a Swedish medium term note programme. The Issuer's short term borrowing is financed by a commercial paper programme.

## **Properties, plant and equipment**

As of 31 December 2007, the Group occupied a total of 49.4 million square feet of property, of which 12.5 million was leased. Approximately 56 per cent. of the property portfolio is located in Europe.

The manufacturing operations of the Group were carried out at 51 locations in 18 countries. The aggregate size of these factories, including warehouses and offices at the factory sites, was 29 million square feet. The factories are, with very few exceptions, owned by Group companies. Most of the manufacturing facilities are located in Europe. The Group operates 4 plants in Sweden.

In general, all the Group's manufacturing facilities are well maintained, suitably equipped and in good operating condition. The facilities were adequate for production requirements during 2007 and the Issuer believes they will be adequate for the foreseeable future.

In addition to manufacturing facilities, the Group uses 20.2 million square feet of administrative offices, warehouses, distribution facilities and sales branch offices. The majority of these buildings are leased. About 1.4 million square feet (of which approximately 36 per cent. were owned) were dedicated to division and country administrative headquarters.

## **Pending lawsuits in the United States claiming asbestos-related personal injuries**

Litigation and claims relating to asbestos are pending against the Group in the United States. Almost all of the cases relate to externally supplied components used in industrial products manufactured by discontinued operations of the Group prior to the early 1970s. Some of the cases involve multiple plaintiffs who have made identical allegations against many other defendants who are not part of the Group.

As of December 31, 2007, the Group had a total of 1,998 (1,688) lawsuits pending, representing approximately 2,600 (approximately 7,700) plaintiffs. During 2007, 1,041 new cases with approximately 1,050 plaintiffs were filed and 731 pending cases with approximately 6,140 plaintiffs were resolved. Approximately 310 of the plaintiffs relate to cases pending in the State of Mississippi.

The Group has reached an agreement 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 the Group 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 the Group 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.

## **Major agreement with Husqvarna AB after the spin-off**

In June 2006, the Issuer effectuated the spin-off of the Group's Outdoor Products operations (**Outdoor Products**) by way of a dividend of all shares in Husqvarna AB (**Husqvarna**) (being the parent of the Outdoor Products group) to the shareholders of the Issuer. In order to govern the creation of Outdoor Products as a separate legal entity, as well as govern the relationship in certain aspects between the Issuer and Outdoor Products following the separation, the Issuer and Husqvarna and some of their respective subsidiaries have entered into a Master Separation Agreement and related agreements (the **Separation Agreements**).

Under the Separation Agreements, the Issuer has retained certain potential liabilities with respect to the spin-off and Outdoor Products. These potential liabilities include certain liabilities of the Outdoor Products business which cannot be transferred or which have been considered too difficult to transfer. Losses pursuant to these liabilities are reimbursable pursuant to indemnity undertakings from

Husqvarna. In the event that Husqvarna is unable to meet its indemnity obligations should they arise, the Issuer would not be reimbursed for the related loss and this could have a material adverse effect on the Issuer's results of operations and financial condition.

### **Tax effects of the distribution**

The Issuer has received a private letter ruling from the U.S. Internal Revenue Service (*IRS*) with regard to the distribution of the shares in Husqvarna and the U.S. corporate restructurings that preceded the distribution. The ruling confirms that these transactions will not entail any U.S. tax consequences for the Issuer, its U.S. subsidiaries or U.S. shareholders of the Issuer. In the event that any facts and circumstances upon which the IRS private ruling has been based is found to be incorrect or incomplete in a material respect or if the facts at the time of separation were, or at any relevant point in time are, materially different from the facts upon which the ruling was based, the Issuer could not rely on the ruling. Additionally, future events that may or may not be within the control of the Issuer or Husqvarna, including purchases by third parties of Husqvarna stock or the Issuer's stock, could cause the distribution of Husqvarna stock and the U.S. corporate restructurings that preceded the distribution not to qualify as tax-free to the Issuer and/or U.S. holders of the Issuer's stock. An example of such event is if one or more persons were to acquire a 50 per cent. or greater interest in Husqvarna stock or the Issuer's stock.

The Issuer has – as one of the Separation Agreements – concluded a Tax Sharing and Indemnity Agreement (the *Tax Sharing Agreement*) with Husqvarna. Pursuant to the Tax Sharing Agreement, Husqvarna and two of its U.S. subsidiaries have undertaken to indemnify the Issuer and its group companies for U.S. tax cost liabilities in certain circumstances. If the distribution of the shares in Husqvarna or the U.S. corporate restructurings that preceded the distribution would entail U.S. tax cost liabilities, and Husqvarna would not be obliged to indemnify such liabilities or would not be able to meet its indemnity undertakings, this could have a material adverse effect on the Issuer's results of operations and financial condition.

### **Management**

#### *Board of Directors*

The Group Board of Directors consists of nine members, without deputies, who are elected by for a period of one year. Three additional members with deputies are appointed by the Swedish employee organisations in accordance with Swedish labour laws.

The business address for all members of the administrative, management and supervisory bodies is St Göransgatan 143, SE-105 45, Stockholm, Sweden.

#### **Marcus Wallenberg – Chairman**

Born 1956. B. Sc. Elected 2005.

Board Chairman of SEB, Skandinaviska Enskilda Banken AB, Saab AB and ICC (International Chamber of Commerce). Deputy Chairman of Telefonaktiebolaget LM Ericsson. Board Member of AstraZeneca Plc, Stora Enso Oyj, Foundation Asset Management Sweden and The Knut and Alice Wallenberg Foundation.

Previous positions: President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999.

Holdings in AB Electrolux (publ): 20,000 B-shares. Related party: 1,500 B-shares.

#### **Torben Ballegaard Sørensen**

Born 1951. M.B.A. Elected 2001.

Board Member of Egmont Fonden and LEGO A/S.

Previous Positions: President and CEO of Bang & Olufsen A/S, Denmark, 2001-2008. Executive Vice-President of LEGO System, 1999-2001. Divisional Director of LEGO System, 1996-1999. Managing Director of CCI Europe, 1988-1996. Managing Director of AAS Gratik, 1983-1988.

Holdings in AB Electrolux (publ): 0.

### **Peggy Bruzelius – Deputy Chairman**

Born 1949. M. Econ. Hon. Doc. in Econ. Elected 1996.

Board Chairman of Lancelot Asset Management AB and Swedish National Agency for Higher Education. Board Member of Axfood AB, Industry and Commerce Stock Exchange Committee, Axel Johnson AB, Akzo Nobel nv. Scania AB, Husqvarna AB, Syngenta AG 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 (publ): 6,500 B-shares.

### **Louis R. Hughes**

Born 1949. B.S., Mech. Eng., M.B.A. Elected 2005.

Board Chairman and CEO of GBS Laboratories, USA. Non-executive Chairman of Maxager Technology. Board Member of ABB Ltd, AkzoNobel nv, and Sulzer AG. Member of the Supervisory Board of MTU Aero Engines Holding AG. Board Member of AB Electrolux (publ) 1996 until 2004, when he was appointed Chief of Staff for a group of senior US government advisors to the Afghanistan government. Member of the British Telecom US Advisory Council.

Previous positions: Executive Vice-President of General Motors Corporation, 1992–2000.

Holdings in AB Electrolux (publ): 1,260 ADRs.

### **John Lupo**

Born 1946. B.Sc. Elected 2007. Principal of Renaissance Partners, USA, since 2000.

Board Member of Spectrum Brands, Inc., Citi Trends Inc. and Cobra Electronics.

Previous positions: 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 (publ): 200 ADRs.

### **Johan Molin**

Born 1959. B.Sc. Elected 2007. President and CEO of ASSA ABLOY AB since 2005.

Board Member of ASSA ABLOY AB.

Previous positions: CEO of Nilfisk-Advance, 2001–2005. President of Industrial Air Division, Atlas Copco Airpower, Belgium, 1998–2001. Management positions in Atlas Copco, 1983–2001.

Holdings in AB Electrolux (publ): 1,000 B-shares.

### **Hans Stråberg**

Born 1957. M. Eng. Elected 2002. President and CEO of AB Electrolux (publ) since 2002.

Board Member of The Association of Swedish Engineering Industries, AB Ph. Nederman & Co., Nederman Holding AB and Roxtec AB.

Previous positions: Joined the Group in 1983. Management positions in the Group until appointed President and CEO.

Holdings in AB Electrolux (publ): 39,590 B-shares, 90,000 options.

### **Caroline Sunderwall**

Born 1958. M.B.A. Elected 2005. Independent Business consultant since 2001.

Board Member of Swedbank AB, TeliaSonera AB, Haldex AB, Lifco AB, Påengruppen AB, Ahlsell AB, Getupdated 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 (publ) through company: 2,000 B-shares.

### **Barbara Milian Thoralfsson**

Born 1959. M.B.A., B.A. Elected 2003. Director of Fleming Invest AS, Norway, since 2005.

Board Member of SCA AB, Storebrand ASA, Tandberg ASA, Rieber & Søn ASA, Fleming Invest AS, Stokke AS and Norfolier AS.

Previous positions: President of TeliaSonera Norway, 2001–2005. President of Midelfart & Co, 1995–2001, and on positions within marketing and sales, 1988–1995.

Holdings in AB Electrolux (publ) through company: 4,000 B-shares.

### **Ola Bertilsson - Employee Representative Member**

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

Holdings in AB Electrolux (publ): 0.

### **Gunilla Brandt - Employee Representative Member**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006.

Holdings in AB Electrolux (publ): 0.

### **Ulf Carlsson - Employee Representative Member**

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001.

Holdings in AB Electrolux (publ): 0.

### **Gerd Almlöf - Employee Representative Deputy Member**

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007.

Holdings in AB Electrolux (publ): 0.

### **Peter Karlsson - Employee Representative Deputy Member**

Born 1965. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

Holdings in AB Electrolux (publ): 0.

### **Bengt Liwång - Employee Representative Deputy Member**

Born 1945. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2005.

Holdings in AB Electrolux (publ): 0.

### *Senior Management*

In addition to the President and Chief Executive Officer, the Senior Management includes the five heads of the Issuer's business sectors, the head of Floorcare and Small Appliances, and the four Group staff heads.

The business address for all members of senior management is St Göransgatan 143, SE-105 45, Stockholm, Sweden.

#### **Hans Stråberg – President and Chief Executive Officer**

Born 1957. M. Eng. Elected 2002. President and CEO of AB Electrolux (publ) since 2002.

Board Member of The Association of Swedish Engineering Industries, AB Ph. Nederman & Co., Nederman Holding AB and Roxtec AB.

Previous positions: Joined the Group in 1983. Management positions in the Group until appointed President and CEO.

Holdings in AB Electrolux (publ): 39,590 B-shares, 90,000 options.

#### **Fredrik Rystedt - Chief Financial Officer**

Born 1963, M. Econ. In Group Management since 2001.

Joined the Group Treasury Department in 1989. Subsequently held several positions within the Group's financial operations. Head of Mergers and Acquisitions, 1996. Head of Business Development of Sapa AB, 1998, Chief Financial Officer, 2000. Rejoined the Group in 2001 as Chief Administrative Officer, responsible for Controlling, Accounting, Taxes and Auditing. Appointed Chief Financial Officer and responsible also for Group Treasury, 2004, and for IT, 2005.

Holdings in AB Electrolux (publ): 13,156 B-shares, 28,960 options.

#### **Cecilia Vieweg - Head of Group Staff Legal Affairs**

Born 1955, B. of Law. In Group Management since 1999.

Attorney with Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner in Wahlin Advokatbyrå, 1998. Joined the Group in 1999 as General Counsel.

Board Member of Haldex AB.

Holdings in AB Electrolux (publ): 7,823 B-shares, 15,294 options.

#### **Lars Göran Johansson - Head of Group Staff Communications and Branding**

Born 1954. M. Econ. In Group Management since 1997.

Account Executive of KREAB Communications Consultancy, 1978–1984, President, 1985–1991. Headed the Swedish "Yes to the EU Foundation" campaign for the referendum that determined Sweden's membership in the EU, 1992–1994. Joined Electrolux in 1995 as Senior Vice-President of Communications and Public Affairs.

Holdings in AB Electrolux (publ): 8,323 B-shares, 19,902 options.

#### **Carina Malmgren Heander - Head of Group Staff Human Resources and Organisational Development**

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 the

Group in 2007 as Head of Group Staff Human Resources and Organizational Development.  
Board Member of Seco Tools AB, Cardo AB and IFL at the Stockholm School of Economics.  
Holdings in AB Electrolux (the Group): 0 shares, 0 options.

### **Magnus Yngen - Head of Major Appliances Europe**

Born 1955. M. Eng. Lic. Tech. In Group Management since 2002.

International sales and marketing positions, 1988-1995. Joined the Group in 1995 as Technical Director in the direct sales operations Lux. Head of Floorcare and mall Appliances and Executive Vice-President of AB Electrolux (publ). Head of Major Appliances, Europe, 2006.

Holdings in AB Electrolux (publ): 7,823 B-shares, 20,783 options.

### **Gunilla Nordström - Head of Major Appliances Asia/ Pacific**

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 the Group in 2007 as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux (publ).

Holdings in AB Electrolux (publ): 0 shares, 0 options.

### **Keith R. McLoughlin - Head of Major Appliances North America**

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 the Group in 2003 as Head of Major Appliances North America and Executive Vice-President of AB Electrolux (publ). Also Head of Major Appliances Latin America, 2004-2007.

Board Member of Briggs & Stratton Corp.

Holdings in AB Electrolux (publ): 11,427 B-shares, 0 options.

### **Morten Falkenberg - Head of Floor Care & Small Appliances**

Born 1958. B. Econ. In Group Management since 2006.

Sales/marketing positions in Carlsberg Group, Denmark, 1980–1987. Senior management positions within Coca-Cola Company, 1987–2000. Senior Vice-President of Alliances/Partnerships for TDC Mobile, 2001–2003. Joined the Group in 2003 as Head of Floor Care and Small Appliances Europe. Head of Floor Care and Light Appliances and Executive Vice-President of AB Electrolux (publ), 2006.

Holdings in AB Electrolux (publ): 5,868 B-shares, 0 options.

### **Detlef Münchow - Head of Professional Products**

Born 1952, M.B.A. PhD Econ. In Group Management since 1999.

Member of senior management of Knight Wendling/Wegenstein AG, Germany, 1980–1989, and GMO AG, 1989–1992. FAG Bearings AG, 1993–1998, as Chief Operating Officer of FAG Bearings Corporation, USA. Joined Electrolux in 1999 as Head of Professional Indoor Products and Executive Vice-President of AB Electrolux (publ).

Holdings in AB Electrolux (publ): 18,627 B-shares, 0 options.

### **Ruy Hirschheimer - Head of Major Appliances Latin America**

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 the Group in 1998 as Head of Brazilian Major Appliances operations. Head of Major Appliances Latin America in 2002. Executive Vice-President of AB Electrolux (publ), 2008.

Holdings in AB Electrolux (publ): 13,972 B-shares, 5,000 options.

### **Interests of the Board of Directors and Senior Management**

Save as described in the Corporate Governance Report of the Issuer, there are no potential conflicts of interests between any duties to the Issuer and the private interests of the members of the Board of Directors and the Senior Management.

### **Major Shareholders**

The ownership of the Group is described in more detail in the Corporate Governance Report of the Issuer. In summary, as at the date of this Base Prospectus, the share capital in the Issuer amounted to SEK 1,545 million (approximately EUR 163.5 million) corresponding to 308,920,308 shares. The share capital of the Issuer consists of A-shares and B-shares. There are 9,502,275 A-shares and 299,418,033 B-shares issued. 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.

## TAXATION

### Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

#### Withholding Tax

##### (i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

##### (ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### Swedish Taxation

*The following summary outlines certain Swedish tax consequences relating to holders of Notes that are not considered to be Swedish residents for Swedish tax purposes, if not otherwise stated. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address the rules regarding reporting obligations for, among others, payers of interest. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.*

### **Holders not resident in Sweden**

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Note should not be subject to Swedish income tax, provided that such a holder is not resident in Sweden for Swedish tax purposes and provided that such a holder does not have a permanent establishment in Sweden to which the Notes are effectively connected.

However, and somewhat simplified, provided that the value or the return of the Notes is related to securities taxed as shares, private individuals who have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption, may be liable to capital gains taxation in Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a holder, except for certain payments of interest to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes.

### **Holders resident in Sweden**

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies.

If the Notes are held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes are withheld by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the **Programme Agreement**) dated 14 March, 2008 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under **Form of the Notes** and **Terms and Conditions of the Notes**. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any further update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### Selling Restrictions

#### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

#### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as

defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes having a maturity of less than one year from their date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Sweden**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the **FIEL**) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealer following a change in relevant law, regulation or directive. Any such modification will be set out in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a

supplement to this Base Prospectus.

Other than as described in this Base Prospectus, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

Persons into whose hands this Base Prospectus and any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 5 February, 2008.

### Listing and Admission to Trading of Notes on the Luxembourg Stock Exchange

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the Articles of Association (with an English translation thereof) of the Issuer;
- (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31<sup>st</sup> December, 2006 and 2007 (in each case together with the audit reports prepared in connection therewith);
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited quarterly financial statements (if any) of the Issuer in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Programme Agreement, the Agency Agreement, the Deed of Covenant, and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of this Base Prospectus;
- (vi) any future base prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

**Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2007 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2007.

**Litigation**

Save as disclosed in this Base Prospectus at pages [8 and 52], neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position of the Issuer.

**Auditors**

The auditor of the Issuer is PricewaterhouseCoopers AB, an authorised accounting firm in the Kingdom of Sweden and member of FAR SRS, who have audited the Group accounts, without qualification in accordance with IFRS, and the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the Kingdom of Sweden for the financial years ended 31<sup>st</sup> December, 2006 and 2007.

**Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.

**Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

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