

PRESS RELEASE

Stockholm, December 14, 2001
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Additional measures to improve Group's cost structure and productivity

(ELUX) The Board of Directors of Electrolux has authorized further proposals for measures to improve the Group's cost structure and productivity. These refer mainly to the Group's operation within major appliances, but also imply certain changes within other product lines such as components and the European operation within outdoor products for the consumer market.

The measures considered, which involve personnel cutbacks of about 2,800, would result in a provision of approximately SEK 1,500m in the fourth quarter of 2001. Approximately 40% of the provision relates to write-down of assets and other non-cash related costs. Savings are estimated at approximately SEK 40m in 2001, SEK 460m in 2002 and SEK 940m annually after 2003.

Measures considered within major appliances include closure of two plants in Europe and one in Asia, relocation of one European plant, and reduction of manufacturing personnel in Latin America. In addition, continued rationalization of sales and administration in both Europe and North America as well as a number of other markets will be implemented. In Europe, the Group's R&D resources will be concentrated to fewer units located at the large plants. In order to effectively implement the Group's brand policy, which involves focusing on fewer brands, the international brand centers in Europe will be consolidated to the head office of Electrolux Home Products in Brussels. With the aim of reducing complexity in terms of both products and production in Europe, approximately SEK 1,000m will be invested during the next few years in new product platforms. This will contribute to an increased rate of product launches and will enable continued consolidation of manufacturing to a few master plants with R&D and administrative functions, as well as to a number of smaller, leaner manufacturing units.

In components the proposal is to close one plant for compressors in Latin America. Measures within consumer outdoor products in Europe include mainly consolidation and rationalization of the manufacturing and logistical structures.

The above considered measures are a continuation of the program announced in October. This program referred mainly to the operation within components and resulted in a provision of SEK 1,763m in the third quarter of 2001. The October program is expected to generate savings of approximately SEK 70m during 2001, SEK 400m during 2002 and SEK 500m annually after 2003.

"The measures we have announced are aimed at reducing costs as well as addressing loss-making units and non-performing assets. The changes in Europe as regards the organizations for product development and brand management will, together with the investments in new product platforms, create opportunities for growth and strengthen

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our leading position within household appliances in Europe”, says Michael Treschow, President and CEO of Electrolux.

Provision in Q4 2001	Provision SEKm	Personnel cutbacks	Estimated savings 2002, SEKm	Estimated savings 2003, SEKm
Major appliances, Europe	997	1,434	206	552
Major appliances, North America	114	325	157	210
Major appliances, Rest of the world	40	738	38	47
Floor care	19	30	9	17
Garden products	57	65	15	34
Total Consumer Durables	1,227	2,592	425	860
Components	259	229	27	40
Other	12	10	5	8
Total	1,498	2,831	457	908
<i>Previous provision in Q3, 2001</i>	<i>1,763</i>	<i>2,106</i>	<i>399</i>	<i>482</i>
Total provisions in 2001	3,261	4,937	856	1,390

Further details regarding which units are proposed to be closed will be presented later today, around lunchtime.

Electrolux is the world's largest producer of powered appliances for kitchen, cleaning and outdoor use, such as refrigerators, washing machines, cookers, vacuum cleaners, chain saws, lawn mowers, and garden tractors. In 2000, the Group had sales of SEK 124.5 billion and approximately 87,100 employees. Every year, customers in more than 150 countries buy more than 55 million Group products for both consumer and professional use under famous brands such as Electrolux, AEG, Zanussi, Frigidiare, Eureka, Husqvarna and Flymo.

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