

Corporate Governance Report 2010

Husqvarna AB is a publicly traded company listed on the NASDAQ OMX Stockholm. Husqvarna applies the Swedish Code of Corporate Governance and presents its Corporate Governance Report 2010, in this section.

The report was prepared by the company's Board of Directors and has been reviewed by the company's auditors. The review for 2010 did not result in any deviations from the code.

Husqvarna's corporate governance is based on external and internal regulatory frameworks, including Husqvarna AB's Articles of Association, the Swedish Companies Act, the Rule Book for Issuers by NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance, other applicable Swedish and foreign legislation and regulations, as well as internal codes, policies and guidelines.

FURTHER INFORMATION CONCERNING THE GROUP'S GOVERNANCE

For more information, please visit
www.husqvarna.com

The following information is available at www.husqvarna.com:

- Corporate Governance Reports 2006–2009.
- Articles of Association.
- Husqvarna's Code of Conduct.
- Information regarding Husqvarna's AGM:
 - Nomination Committee
 - Notice of the AGM
 - Minutes of the AGM
 - Press releases
- Further information concerning the share, ownership structure, Board of Directors and Group Management.

The Swedish Code of Corporate Governance is available at www.bolagsstyrning.se

Shareholders

Husqvarna's shares have been traded on the NASDAQ OMX Stockholm since June 2006. At year-end 2010, Husqvarna's share capital amounted to SEK 1,153m, represented by 134,755,087 A-shares and 441,588,691 B-shares, each with a par value of SEK 2.

Series A-shares carry one vote and series B-shares carry one tenth of a vote. According to the Articles of Association, holders of series A-shares are entitled to demand conversion of series A-shares to series B-shares.

In 2010, 12,814,943 series A-shares were converted to an equivalent number of series B-shares.

At December 31, 2010, the number of shareholders was 66,041 (71,750). Of the total number of shares, foreign shareholders accounted for approximately 19 percent (18). At the end of the year, 90 percent (89) of the total shares were owned by legal entities, 10 percent (11) by private individuals representing 91 percent (91) and 9 percent (9),

respectively, of the total number of votes. Investor AB is the single largest shareholder, with a holding of about 16 percent (16) of the capital and approximately 31 percent (29) of the votes as of December 31, 2010. Measured by the number of votes, LE Lundbergföretagen is the second-largest owner, with a holding of about 5 percent (5) of the capital and approximately 16 percent (14) of the votes as of December 31, 2010.

For further information concerning the share and shareholders, see page 106, and Husqvarna's website.

For more information, please visit
www.husqvarna.com

Annual General Meeting

The Annual General Meeting (AGM) must be held within six months of the close of the fiscal year. All shareholders who are listed in the share registry on the record date, and who have notified the company of their participation in due time, are entitled to participate in the AGM and cast votes based on their total shareholding. Shareholders who are personally unable to attend may be represented by a proxy with a power of attorney.

The AGM was held in Jönköping, Sweden on April 27, 2010. The AGM was attended by about 250 shareholders (200), personally or by proxy, representing about 64 percent (61) of the votes in the company and approximately 47 percent (47) of the share capital.

The resolutions passed by the meeting included the following;

- Adoption of the income statements and balance sheets for 2009, the dividend and discharge of liability for the Board of Directors and the President.
- Reelection of Lars Westerberg, Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Tom Johnstone, Ulf Lundahl, Anders Moberg and Magnus Yngen. Magdalena Gerger and Ulla Litzén were elected new members of the Board. Gun Nilsson had declined reelection. Lars Westerberg was elected Chairman of the Board.
- The Chairman will be paid a fee of SEK 1,600,000, and each AGM-elected member not employed by the company will be paid SEK 460,000. The Chairman of the Audit Committee will be paid SEK 175,000 and each of the Committee's two members will be paid SEK 75,000. The Chairman of the Remuneration Committee will be paid SEK 100,000 and each of the Committee's two members will be paid SEK 50,000.
- Election of PwC as auditors for a period of four years, through the 2014 AGM.
- Auditors will be paid as invoices are approved.
- Principles for the remuneration of and terms and conditions of employment for the President and other members of Group Management.

- A performance-based incentive program for 2010.
- Rules for the appointment and work of the Nomination Committee.
- Authorization for the Board to repurchase and transfer own shares.
- Authorization for the Board to make resolutions concerning new share issues paid for by contribution in kind to enable acquisitions paid for with own shares.
- Implementation of a conversion clause in the Articles of Association.

The 2011 AGM will be held on May 4, 2011 at the Elmia Congress and Concert Hall in Jönköping, Sweden.

For proposals to the AGM 2011, see page 42.

Nomination process

Board members

The process of nominating Board members whose names will be proposed for election at the 2011 AGM is conducted in accordance with the nomination process that was adopted at the 2010 AGM.

Husqvarna's Nomination Committee shall comprise representatives from each of the four largest shareholders, as measured by votes, and of the Chairman of the Board. The ownership structure at August 31, 2010 is used to determine the largest shareholders, as measured by votes. The names of the four shareholder representatives must be published no later than six months prior to the AGM. The Nomination Committee has a term of office until the date of which a new Nomination Committee is appointed. If the group of major shareholders changes during the nomination process, the composition of the Nomination Committee may be changed accordingly.

The composition of the Nomination Committee was announced on Husqvarna's website and by press release on October 5, 2010. The 2011 Nomination Committee held three meetings, and had a number of

telephone contacts. The Nomination Committee has, among other duties evaluated the Board's work, competence, composition as well as the members' independence. The Nomination Committee has also considered other criterias such as the Board members' background, experiences and diversity. The Chairman of the Board presented the Boards evaluation for the Nomination Committee.

The Nomination Committee for the 2011 AGM comprises:

- Petra Hedengran (Chairman), Investor AB
- Claes Boustedt, LE Lundbergföretagen AB
- Ramsay Brufer, Alecta Mutual Pension Insurance
- Torbjörn Callvik, Skandia Liv
- Lars Westerberg, Chairman of Husqvarna's Board.

The Nomination Committee's assignment is to produce proposals for the following matters, which will be presented to the 2011 AGM to be resolved:

- Proposal for the AGM Chairman,
- Proposal for Board members,
- Proposal for Chairman of the Board,
- Proposal for Board fees and remuneration for Committee work allocated to each member,
- Proposal for auditor's fee,
- Proposals for the Nomination Committee for the 2012 AGM.

The Nomination Committee's proposals as well as a report on its work will be published not later than in connection with the notice of the 2011 AGM.

Members do not receive fees or remuneration for their work on the Nomination Committee.

Board of Directors

Name	Nationality	Independence ¹	Attendance 2010			Authorized fees, total in SEK ²	Holdings, number of A-shares ³	Holdings, number of B-shares ³	
			Board meetings	Audit Committee	Remuneration Committee				
Lars Westerberg	Board Chairman	SE	Yes/Yes	8/8		2/2	1,650,000	0	234,000
Magnus Yngen		SE	No/Yes	8/8			—	0	67,678
Peggy Bruzelius	Committee member	SE	Yes/Yes	7/8	5/5		535,000	2,925	9,750
Robert F. Connolly		US	Yes/Yes	8/8			460,000	300	1,000
Börje Ekholm	Committee Chairman	US/SE	Yes/No	8/8	5/5		635,000	54,200 ⁸	14,000
Magdalena Gerger ⁵		SE	Yes/Yes	5/6			460,000	0	0
Tom Johnstone	Committee Chairman	UK	Yes/Yes	8/8		2/2	560,000	990	4,800
Ulla Litzén ⁵		SE	Yes/Yes	5/6			460,000	0	10,000
Ulf Lundahl	Committee member	SE	Yes/No	8/8	3/3		535,000	1,125	3,750
Anders Moberg	Committee member	SE	Yes/Yes	8/8		2/2	510,000	180	110,600
Gun Nilsson ⁴	Committee member	SE	Yes/Yes	2/2	2/2		0	—	—
Johan Ihrman ⁶	Employee representative	SE	—	6/6			—	0	0
Annika Ögren	Employee representative	SE	—	8/8			—	0	0
Carita Spångberg	Employee representative	SE	—	8/8			—	0	0
Malin Björnberg ⁷	Employee representative	SE	—	1/2			—	—	—
Fredrik Lilliestielke	Employee representative	SE	—	8/8			—	0	0
Total				8	5	2	5,805,000	59,720	455,578

¹ Refers to independence in relation to the the company and management, and independence in relation to major shareholders.

² In accordance with the resolution by the AGM 2010, 25% or 50% of the Board fee shall be received in synthetic shares, see further under the heading Fees to Board members on page 94. The composition of authorized fees in terms of cash payment and synthetic shares, see Note 24.

³ Refers to December 31, 2010.

⁴ Resigned at the 2010 AGM, remuneration presented during 2009.

⁵ Elected at the 2010 AGM.

⁶ Appointed in time for the 2010 AGM.

⁷ Resigned in time for the 2010 AGM.

⁸ Including 50,000 A-shares as legal entity.

Board of Directors

Composition of the Board

Husqvarna's Board of Directors shall comprise of no less than five and no more than ten members, with no more than three deputies, all of whom are elected by the AGM for a period of one year. Swedish employee representative organizations also appoint two representatives, with two deputies.

In 2010, Husqvarna's Board comprised of ten members elected by the AGM including the President and CEO.

The Board members hold extensive competence and experience in areas such as international industrial commerce, financial expertise, sales and marketing of consumer goods and knowledge of the retail business.

Independence of the Board

The Board is deemed to comply with the Swedish Code of Corporate Governance's independence requirements. The Board's members are not employed by the Group with the exception of the President and CEO Magnus Yngen.

The Nomination Committee's assessment as to whether each proposed member fulfills the independence requirement will be announced in conjunction with the Nomination Committee submitting its proposals to the AGM.

See page 56 for a presentation of the Board of Directors and Auditors.

Rules of procedures and written instructions

The Board has established rules of procedures that are reviewed at least once a year or when necessary. These rules involve allocation of tasks between the Board and the President, detailed instructions for the President, other corporate functions concerning the matters requiring the Board's approval, and the financial reports and other information to be submitted to the Board.

The Board's activities in 2010

In 2010, the Board held eight scheduled meetings, three of which were held in Stockholm, two in Huskvarna, one in Germany and two by telephone.

The Board regularly addresses such strategic matters as Husqvarna's operations and orientation, potential acquisitions and the review of these, all investments in excess of SEK 50m and changes in the credit terms and conditions for major customers. The year-end report and the annual report are dealt with at the beginning of the year, as are the matters to be presented at the AGM. Late in the year, the budget for the following year and the Group's long-term plan were addressed. Each quarter, the quarterly results are reviewed and interim reports approved for release. The Committees' work between meetings is also reported during each scheduled Board meeting. Current legal disputes are reviewed on a quarterly basis.

All meetings adhere to a preapproved agenda, which, along with documentation for each item on the agenda, is sent to all Board members about one week before the meeting. Each Board meeting commences with the President reviewing the Group's earnings and the current business environment, including key business environment factors that may affect the Group's performance. Husqvarna's CFO subsequently accounts for the Group's financial position. Members of corporate management or the Board's Committees report on any open items from previous Board meetings or present plans and businesses. In addition to the information provided in connection with Board meetings, the President sends a monthly report to Board members and is in continuous contact with the Chairman of the Board.

BOARD OF DIRECTORS

Agenda items 2010

February

- Approval of the Year-end report and the Annual Report.
- Approval of the allocation and distribution of matching shares for the LTI program.
- Proposals to the AGM:
 - Summons to the AGM
 - Guidelines for remuneration of Senior Management;
 - Changes to the Articles of Association;
 - LTI program for 2010;
 - Repurchases and transfers of the Company's own shares;
 - Authorization to the Board to issue new shares;
 - Board report according to the Companies Act;
 - Dividend.

- Approval of land acquisition;
- Approval of a lease for the consolidated R&D functions in the US;
- Approval of real estate acquisition. Lease for the consolidated R&D function in the US;
- Approval of a loan from EKN.

April

- Approval of the Interim report January–March.
- Approval of an MTN program and prospectus.
- Approve of capital contributions and credit limits.
- Authorization to sign for the Company.
- Adoption of Rules of Procedure.
- Election of Members to the Board's Committees.
- Board Meetings in 2011.

May

- Mandate Management to take necessary legal and other actions to evaluate and execute a move of production from the Beatrice plant.
- Establishment of new subsidiaries.
- Convene the AGM for 2012 earlier in the year.

July

- Approval of the Interim report January–June.

September

- Approval of repurchase of B-shares.
- Approval of divestment of real estate.
- Delegation of a decision on IT Outsourcing to Management under certain conditions.
- Approval of Board Meetings and AGM schedule for 2012.

October

- Approval of the Interim report January–September.

December

- Approval of conditions to be applied in the 2011 budget.
- Structure for reporting of certain operation key performance indicators to the Board.
- Approval of remuneration to the President and CEO and Group Management for 2011.
- Approval of criteria and targets for Short Term Incentive plan and Long Term Incentive program for 2011.
- Establishments of new subsidiaries.
- Approval of credit limits.
- Approval of a revised Financial Policy.
- Approval of a new ADR provider for the company's ADR program in the US.
- Approval to include the Corporate Governance Report into the Board's Report of the Annual Report.
- Rescheduling of Board Meetings in 2011.

The annual report for 2010 was approved at a scheduled meeting on February 23, 2011.

Assessment of the Board's work

The Chairman of the Board is responsible for assessing the Board's work including the efforts of individual members. This is done on an annual basis pursuant to an established process. The assessments focus on such factors as the availability of and requirements for specific expertise, and work methods. An independent assessment of the Chairman's work is also conducted, which is headed by the Chairman of the Remuneration Committee. This assessment also comprises the documentation on which the Nomination Committee can propose Board members and remuneration levels.

Audit Committee

In 2010, the Audit Committee comprised Board members Börje Ekholm, who is also the Chairman of the Committee, Peggy Bruzelius and Gun Nilsson. The latter resigned at the AGM and was replaced by Ulf Lundahl.

The CFO, the General Counsel and the Head of Internal Audit, who is also the secretary of the Audit Committee, attend the Audit Committee meetings.

After each meeting, the Audit Committee presents a report to the entire Board. Minutes are taken for each Committee meeting and the minutes are available to all Board members and the auditors.

No fewer than three meetings are held each year. The Audit Committee convened five times in 2010.

Auditor

At the 2010 AGM, the auditing company PricewaterhouseCoopers (PwC) was elected Husqvarna's auditor, headed by Anders Lundin (Auditor in charge) for the period through the 2014 AGM.

Remuneration Committee

In 2010, the Remuneration Committee comprised Board members Tom Johnstone, who is also the Committee's Chairman, Anders Moberg and Lars Westerberg. Husqvarna's Head of Group HR, Lars Worsøe-Petersen, was secretary of the Committee. No fewer than two meetings must be held each year. The Remuneration Committee convened two times in 2010.

AUDIT COMMITTEE

Agenda items 2010

February 15

- Auditors' report on auditing of year-end accounts.
- Draft of Annual Report and the Year-end report 2010.
- Internal audits in Australia, Finland, US and Ukraine.
- Internal audit plan for 2010.

April 19

- Draft of Interim report January–March 2010.
- External audit plan 2010.
- One-year review of the Jenn-Feng acquisition.
- Results of Control Self Assessment.
- Internal audits in Turkey and Sweden.

July 16

- Draft of Interim report January–June.
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October 15

- Draft of Interim report January–September 2010.
- Internal audits in France, Russia, China, South Africa, Slovenia and the US.
- Strategies for the Group's long-term financing.

November 22

- Report by auditors on hard-close audit as of September 30, 2010.
 - Result of risk analysis regarding financial reporting.
 - Internal audits in the US and Canada.
 - The Group's principles for equity hedging.
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REMUNERATION COMMITTEE

Agenda items 2010

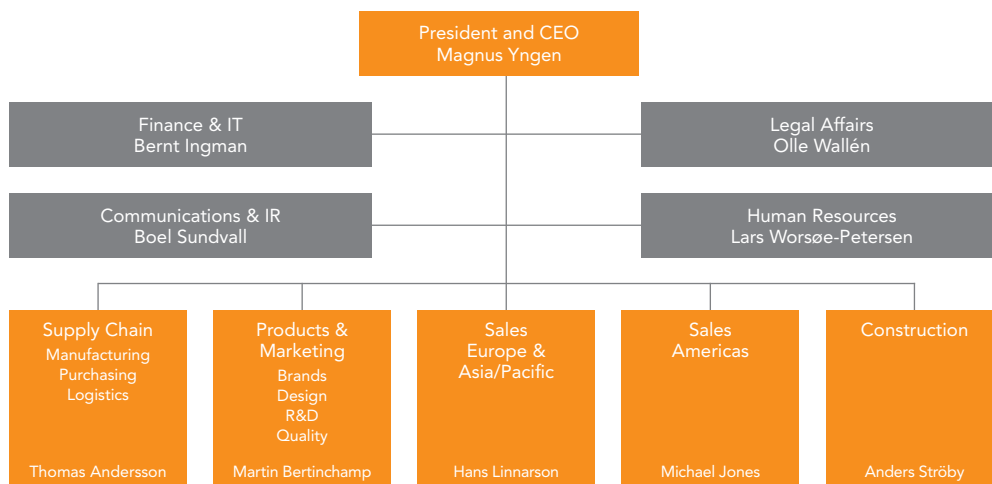
November 15

- Fixed salaries for 2011.
- Introduce company cars.

November 30

- Remuneration to Group Management in 2011.
 - LTI 2011 proposals.
 - STI targets for 2011.
 - Statements from Swedish Securities Council.
 - CEO evaluation input.
-

ORGANIZATION AS OF JANUARY 1, 2010



For information on members of Group Management, see pages 58 and 59.

Group management and structure

As of January 1, 2010, a new functional organizational structure was implemented. The organization encompasses five business units and four Group staff functions.

President and Group Management

Group Management comprises the President and CEO, the heads of the five business units, and the heads of the four Group staffs.

The President is appointed by the Board and is responsible for the ongoing management of the company in accordance with the Board's guidelines and instructions. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that commitments, agreements and other legal documents do not conflict with Swedish or foreign legislation or ordinances, including competition regulations. The President shall also ensure compliance with goals, policies and strategic plans as well as updating these when necessary. The President appoints all members of Group Management.

The heads of the business units are responsible for the revenues, costs and use of capital in their respective operations. Overall management of the business areas is exercised through the quarterly meetings convened to review operations. In addition to the President, who directs the meetings, the heads of business units participate along with relevant representatives from the units.

Group staff functions are responsible for coordination of general issues of importance to the Group, development of policies and guidelines, and support for the business units that apply them. The tasks of the staffs include consolidation and reporting of financial results, financing, risk management, legal matters, and contact with stakeholders such as employees, as well as the media and the capital market.

Group Management holds monthly meetings to review the previous month's results, update forecasts and plans, and discuss strategic issues. In addition, weekly meetings are held by telephone.

Internal Boards

As support for the President and Group Management, Husqvarna has established internal Boards in the following areas:

The Global Purchasing Council (GPC) is a decision-making forum that coordinates the Group's purchasing globally and among the business

units. The GPC ensures transparency in the purchasing process as well as uniformity in terms of working methods, purchasing tools, contracts and processes throughout the organization.

The Group Staff Council comprises the staff heads who regularly convene and decide, primarily, on administrative, policy and personnel issues, as well as pensions.

The Finance Board is an internal Board which ensures that the financial policy authorized by the Board of Directors is communicated and complied with throughout the Group. This policy includes guidelines for the organization and management of the Group's financial operations, permissible risk exposure, levels of risk, and the reporting thereof. The Finance Board comprises the President, the CFO and the Head of Group Treasury.

Remuneration to the Board and senior executives Principles

The remuneration principles for senior executives of the Husqvarna Group set out below were established at the 2010 AGM, see Note 24, page 95.

Husqvarna's remuneration principles for Group Management state that the company shall offer terms and conditions that are in line with the market and that enable the company to recruit, train and retain senior executives. Remuneration for Group Management is based on position, individual performance, the Group's earnings, and for the remuneration to be competitive in the country of employment. The compensation structure shall comprise of fixed salary, variable salary in the form of a short-term incentives based on annual performance targets, long-term incentives, pension and other benefits, which combined, comprise total compensation.

The combined remuneration level shall be competitive and emphasize "payment for performance". This means that the variable remuneration may comprise a significant percentage of the overall remuneration. Variable remuneration to the President, the heads of the Supply Chain, Products and Marketing business units, and the Group Staff heads is based on value creation for the Group. Variable remuneration to the heads of the other three business areas is based on the following: 25 percent on value creation for the Group and 75 percent on value creation for each of their business units.

For more information concerning remuneration, see Note 24 on page 95.

Members of Group Management are included in the Group's long-term incentives program for 2008, 2009 and 2010.

For further information concerning these programs, see Note 24 on page 95.

Remuneration to the Board 2010

Remuneration to the Board

Remuneration to AGM-elected Board members is resolved on by the AGM based on proposals from the Nomination Committee. The 2010 AGM resolved on combined fees of SEK 5,805,000. It was also resolved that a portion of the Boards fees would be paid in the form of synthetic shares.

See Note 24 on page 95 for more information concerning remuneration to the Board.

In 2010, remuneration was paid as below. No consulting fees were paid to Board members. No remuneration is paid to Board members who are also employed by the Group.

Synthetic shares

Synthetic shares are not financial instruments in the legal sense. They are a cash payment based on the trend for the trading price of Husqvarna's series B-shares. In 2010, Board members could opt to receive 25 percent or 50 percent of their gross fee before tax, excluding fees for Committee work, in the form of synthetic shares. For administrative reasons, Board members who were registered abroad could opt to receive 100 percent of their fee in cash.

After five years, meaning 2015, a holder of synthetic shares is entitled to receive a cash payment per share that corresponds to the average trading price of the serie B-shares at the time of payment.

External information

Husqvarna regularly publishes information in the market concerning the Group's performance and financial position.

Husqvarna's Board has adopted an Information Policy that complies with the requirements for such a policy in the NASDAQ OMX Stockholm's Rule book for issuers. The policy applies to the Board and Group Management, and covers both written and oral information.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases.
- Husqvarna's Annual Report.
- Press releases concerning news and important issues.
- Presentations and telephone conferences for financial analysts, investors and media on the day of publication of the interim and year-end reports, and in connection with the publication of other important information.
- Presentations for financial analysts and investors in connection with such events as Capital Market Days and Road Shows etc.

All reports, presentations and press releases are published simultaneously at the Group's web site, www.husqvarna.com.

For more information, please visit
www.husqvarna.com

Fees to the Board 2008–2010¹

SEK	2010	2009	2008
Authorized fees, total	5,805,000	5,345,000	5,345,000
Chairman	1,600,000	1,600,000	1,600,000
Board member	460,000	460,000	460,000
Chairman Audit Committee	175,000	175,000	175,000
Member Audit Committee	75,000	75,000	75,000
Chairman Remuneration Committee	100,000	100,000	100,000
Member Remuneration Committee	50,000	50,000	50,000

¹ Refers to fees prior to the AGMs in 2011, 2010 and 2009 respectively. For information about the composition of the 2010 fees in terms of cash payment and synthetic shares, see Note 24 on page 95.

Auditors' fees

Auditors' fees are paid as invoices are approved.

See Note 25 on page 97.

Remuneration to Group Management 2008–2010

SEKt	Fixed salary	Variable salary	Pension costs	Long-term incentive	Other benefits	Total 2010	Total 2009	Total 2008
President and CEO	5,900	5,900	2,647	1,310	0	15,757	10,930	5,016
President and CEO, former ¹	—	—	—	—	—	—	—	16,989
Group Management, other	28,487	18,701	9,211	3,350	243	59,992	45,982	38,480
Total	34,387	24,601	11,858	4,660	243	75,749	56,912	60,485

¹ The former President Bengt Andersson retired 1 October 2008, but his employment continued until 30 June 2009, when he attained the retirement age of 65. The cost of his remuneration in 2009 was taken in 2008.

For more information on remuneration to Group Management, see Note 24 on page 95.

Internal control over financial reporting

Husqvarna's process for internal control is designed to manage and minimize the risk of inaccuracy in financial reporting.

Description and evaluation of the Group's internal control activities is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework comprises of five areas, i.e. the control environment, risk assessment, control activities, information and communication, and monitoring.

The organization of internal control is described below. The description is limited to internal control over financial reporting.

Control environment

Internal control over financial reporting is based on the overall control environment. This involves clear definitions of organizational structure, decision-making paths and authority, which are communicated in the form of internal control documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board of Directors is ultimately responsible for internal control over financial reporting. Efficient performance by the Board is thus the basis for satisfactory internal control. The Husqvarna Board has established rules of procedure and clear instructions for its work, which also include the activities of the Audit and Remuneration Committees.

The overall duty of the Audit Committee is to support the Board's supervision of the auditing and reporting processes, and to ensure the quality of such reports and processes. The activities of the Audit Committee during the year are described in greater detail on page 51.

Responsibility for maintaining an effective control environment as well as the ongoing work on risk management and internal control over financial reporting is delegated to the President. This responsibility is in turn delegated to managers within their specific areas at various levels in the company. Husqvarna's internal audit function reports directly to the Audit Committee and to the Group's Chief Financial Officer.

Responsibility and authority are defined inter alia in instructions to the President, regarding the right to sign for the company, manuals, various policies, routines and codes. The Board defines the Group's major policies for communication, customer credits, financing and risk management, as well as the Code of Conduct.

Group Management defines other policies and instructions, and the relevant Group staffs issue guidelines and also monitor implementation of all policies and instructions.

Group rules for accounting and reporting are stipulated in an accounting manual that is available for all personnel in finance and accounting. These internal control documents are reviewed and updated regularly with reference to e.g. changes in legislation, auditing standards and listing requirements.

Risk assessment

Items in the balance sheet and the income statement that are based upon estimates or generated by complex processes are relatively more exposed to the risk of error than are other items. Major items in this respect include goodwill and other intangible assets as well as provisions in captive insurance companies and provisions pensions. The Group's internal audit function performs an annual risk analysis to identify such

items and quantify risks. The results of risk analysis and evaluation are reported to the Audit Committee and are subsequently taken into account in the annual internal audit plans.

Control activities

Control activities are designed to prevent, identify and correct errors and deviations in the financial reporting. Husqvarna has defined internal control standards, i.e. specifications of the control activities that must be included in each business process in order to ensure and maintain a uniform level of internal control over financial reporting within the Group. Control activities are integrated in Husqvarna's processes for accounting and financial reporting, and include routines for authorization and signing for the company, reconciliation of bank balances and accounts, analysis of results, Segregation of Duties, automatic controls integrated in IT-systems, and control of the basic IT environment.

Husqvarna maintains the following control processes for financial reporting:

Controlling

Each operative unit has a controller whose responsibilities include ensuring that the unit's internal controls comply with Group standards, as well as compliance with Group guidelines and principles as stated in Husqvarna's Accounting Manual. The controller is also responsible for ensuring that financial information is correct and complete and is delivered on time. In addition, controllers at business unit and Group level have corresponding responsibilities.

Country Officers

A Country Officer is appointed by Husqvarna in each country where the Group operates subsidiaries. The officer's duties include safeguarding the interests of the Group's owners as well as identifying and reporting risks in such areas as fiscal regulations and other legislation.

Letter of representation

Since 2007 Husqvarna has a system for the confirmation of the final accounts, according to which each company head and the controllers for various reporting units sign a letter of representation confirming that the financial report package presents a true and accurate picture of the units financial position and has been prepared in accordance with the Group's accounting standards.

Group Management meetings

The monthly meetings of Group Management include a review of the monthly results for the Group and for operative units, as well as updated forecasts, plans and strategic issues.

Self-Assessment

Each reporting operative unit submits an annual Control Self-Assessment regarding the status of its area of responsibility that is subject to internal control. The Self-Assessment report is signed by the controller. The assessment is based on a comprehensive questionnaire designed

to measure the extent of compliance with defined requirements. The unit measures its own compliance. The results of Self-Assessment are collated at Group level for evaluation of control routines, and are submitted to the Audit Committee.

Routines related to acquisitions

Husqvarna has established guidelines and routines designed to ensure that acquisitions of operations are accurately analyzed in terms of financial, operational and environmental consequences.

Acquisitions are evaluated at 12- and 24-month intervals following the transaction. Evaluations are reported to the Audit Committee and the Board.

Information and communication

Husqvarna maintains information and communication systems to ensure that financial reporting is correct and complete. The accounting manual and other instructions for reporting are updated when necessary and are reviewed quarterly. In addition to other policies that are relevant to internal control over financial reporting, such as investment routines and credit policy, these can be accessed on the Group's intranet by all relevant personnel. Changes in accounting are communicated and explained in quarterly newsletters from the Group accounting function.

Alert line

For several years the Group's operations in the US have maintained an Alert Line, also known as a Whistle Blower line, that enables employees to contact an independent third party and report actions or events that involve violations or suspected violations of e.g. laws or guidelines. During 2009 a global Alert Line was established in several languages for the entire Group.

Monitoring

Husqvarna maintains a comprehensive financial reporting system for the monitoring of operations, which enables identification of possible deviations in financial reporting at an early stage.

Husqvarna applies IFRS. This is defined in the Husqvarna Accounting Manual, which includes rules for accounting and evaluation principles that are mandatory for all companies within the Group, as well as instructions for reporting. The manual is reviewed and updated quarterly. Compliance with the Accounting Manual is monitored continuously at Group and business unit level.

Financial reporting

Detailed financial data is reported every month by approximately 140 reporting units, in accordance with the standardized routines for reporting that are stipulated in Husqvarna's accounting manual. These reports are the basis for the Group's consolidated financial reporting. Consolidation is performed from both legal and operational perspectives, which generates quarterly legal reports, i.e. complete profit and loss and balance sheet statements for each company as well as consolidated, and monthly operative reports. All consolidation is centralized. All financial reports are stored in a central database from which data is retrieved for analysis and monitoring at Group, business area and business unit level. Interim reports are posted on the Group's web site, www.husqvarna.com.

Internal audit

The internal audit function is tasked with developing and improving internal controls over financial reporting. The work of the auditors conforms with the annual plan by the Audit Committee, which includes both scheduled and unscheduled audits. The function reports to the Audit Committee and the Group's Chief Financial Officer.

The Group's function for internal audit performs independent and objective reviews in order to evaluate and enhance the efficiency of internal controls. This function also completed special assignments in 2010. The internal auditors report to the Audit Committee regarding their observations and recommendations for improvement of internal control over financial reporting.

Structure of control over financial reporting within the Husqvarna Group

Responsible function	Level in Group	Control Activity	Periodicity	Responsibility for monitoring
Controller	Group	<ul style="list-style-type: none"> • Ensure observance of control routines in accordance with the Husqvarna Accounting Manual. • Control of consolidated financial statements. 	Continuously	Country Officer, Internal Audit, Group Accounting Department
	Business unit	<ul style="list-style-type: none"> • Analysis and monitoring of reported results. • Preparation of budget and forecast. 	Monthly	Group Management, Audit Committee
	Reporting units	<ul style="list-style-type: none"> • Control Self-Assessment. • Preparation of instructions for attestation. • Ensure that financial information is correct and complete and delivered on time. 	Annually Continuously Monthly	Internal Audit Internal Audit, Group Staff Legal Affairs Group Accounting Department, Internal Audit
Internal Audit	Group	<ul style="list-style-type: none"> • Preparation of risk analysis, financial reporting. 	Annually	Audit Committee
		<ul style="list-style-type: none"> • Collection of Letters of Representation from all units. 	Annually	Audit Committee
Country Officer	All subsidiaries within the country	<ul style="list-style-type: none"> • Ensure that interests of owners are safeguarded. • Identify and report on risks related to fiscal and other and legislation. 	Continuously	Group CFO
Group Management	Group	<ul style="list-style-type: none"> • Review of monthly results, updated forecasts, plans and strategic issues. 	Continuously	Group Tax Officer, Group Staff Legal Affairs
		<ul style="list-style-type: none"> • Definition of policies and guidelines. 	Continuously	Board of Directors, Audit Committee
Audit Committee	Group	<ul style="list-style-type: none"> • Evaluation of acquisitions. 	12 and 24 months subsequent to acquisition	Board of Directors, Audit Committee

Board of Directors and Auditors



Lars Westerberg
Chairman

Born 1948. M. Sc. Eng., Royal Institute of Technology, Stockholm, Sweden, BBA., Stockholm University, Sweden. Elected 2006. Member of the Remuneration Committee.

Other major assignments: Board Chairman of Autoliv Inc. and Vattenfall AB. Board member of AB Volvo, SSAB and Sandvik AB.

Previous positions: President and CEO and Board Member of Autoliv Inc. 1999–2007. President and CEO of Gränges AB 1994–1999. President and CEO of Esab AB 1991–1994.

Holdings in Husqvarna: 234,000 B-shares.



Magnus Yngen
President and CEO

Born 1958. M. Eng. Lic.Tech., Royal Institute of Technology, Stockholm, Sweden. Elected 2009.

Other major assignments: Board member of Duni AB and the Association of Swedish Engineering Industries. Member of the Business Executives Council of IVA.

Previous positions: Head of Major Appliances Europe, Electrolux, 2006–2008, Executive Vice President and member of Electrolux Group Management 2002–2008. Head of the Electrolux Floor-care and Small Appliances business sector 2002. Head of this sectors European operation 2001, Head of Floor Care International operations, 1999. Technical Director in the Electrolux direct sales operation LUX, 1995.

Holdings in Husqvarna: 67,678 B-shares.



Peggy Bruzelius

Born 1949. M. Econ., Hon. Doc. in B.A., Stockholm School of Economics, Sweden. Elected 2006. Member of the Audit Committee.

Other major assignments: Board Chairman of Lancelot Asset Management AB. Deputy Chairman of AB Electrolux. Board member of Akzo Nobel n.v., Axfood AB, Diageo Plc, 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 Husqvarna: 2,925 A-shares, 9,750 B-shares.



Robert F. Connolly

Born 1943. B.A., Rochester Institute of Business, New York, USA. Elected 2006.

Other major assignments: –

Previous positions: Executive Vice President and Chief Marketing Officer Walmart Stores Inc. 2001–2006. Positions in merchandising and marketing 1996–2006 and 1989–1993, Walmart Stores Inc. Executive Vice President as well as positions in merchandising, Montgomery Ward & Company Inc. 1994–1995 and 1987–1989.

Holdings in Husqvarna: 300 A-shares, 1,000 B-shares.



Börje Ekholm

Born 1963. MBA, INSEAD, France and M.Sc. Eng., Royal Institute of Technology, Stockholm, Sweden. Elected 2006. Chairman of the Audit Committee. President and CEO and Board member of Investor AB.

Other major assignments: Board Chairman of the University Board of Royal Institute of Technology. Board member of AB Chalmersinvest, EQT Partners AB, Lindorff Group AB, Scania AB and Telefonaktiebolaget LM Ericsson.

Previous positions: Senior management positions in the Investor Group since 1995. President of Investor Growth Capital Inc. 1998–2005. Responsible for New Investments 1999 and Executive Vice President of Investor AB 1997.

Holdings in Husqvarna: 4,200 A-shares, 50,000 A-shares (by legal entity), 14,000 B-shares.

Auditors

PricewaterhouseCoopers AB is appointed auditors for a four-year period until the Annual General Meeting 2014.

Anders Lundin

PricewaterhouseCoopers AB
Born 1956. Authorized Public Accountant, Auditor in charge.

Other audit assignments include: AarhusKarlshamn, Electrolux, Industrivärden, Loomis, Melker Schörling and SCA.

Holdings in Husqvarna: 0 shares.

For more information, please visit
www.husqvarna.com



Magdalena Gerger

Born 1964. M. Econ., and MBA, Stockholm School of Economics, Sweden. Elected 2010. President of Systembolaget AB.

Other major assignments:

Board member of IKEA (Ingka Holding BV).

Previous positions:

Senior Vice President and responsible for Marketing & Innovation in the Nordic region, Arla Foods 2005–2009. Management consultant, Futoria AB, 2004. Category Director (UK and Ireland) Nestlé UK Ltd, 2000–2003, ICI Paints 1998–2000 and in Procter & Gamble 1996–1997.

Holdings in Husqvarna:

0 shares.



Tom Johnstone

Born 1955. M.A., University of Glasgow, Hon. Doc. in B.A., University of South Carolina, USA. Elected 2006. Chairman of the Remuneration Committee. President and CEO and Board member of AB SKF.

Other major assignments:

Board member of Chalmers University of Technology and Investor AB.

Previous positions:

Senior management positions within AB SKF since 1987. Executive Vice President of AB SKF 1999–2003. President Automotive Division 1995–2003.

Holdings in Husqvarna:

990 A-shares, 4,800 B-shares.



Ulla Litzén

Born 1956. M. Sc. in Econ. and BA., Stockholm School of Economics, Sweden and MBA, Massachusetts Institute of Technology, USA. Elected 2010.

Other major assignments:

Board member of Atlas Copco AB, AB SKF, Boliden AB, Alfa Laval AB and NCC AB.

Previous positions:

President of W Capital Management AB, wholly owned by the Wallenberg Foundations, 2001–2005. Senior management positions and Member of the Management Group, Investor AB, 1996–2001. Managing Director, responsible for Core Holdings 1999–2000. President of Investor Scandinavia AB, 1996–1998.

Holdings in Husqvarna:

10,000 B-shares.



Ulf Lundahl

Born 1952. M. of Law and MBA, Lund University, Sweden. Elected 2008. Member of the Audit Committee. Executive Vice President and deputy President of L E Lundbergföretagen AB.

Other major assignments:

Board member of Holmen AB, Cardo AB, Indutrade AB, Stockholm City Fire Insurance Office and Handelsbanken, Regional Bank Stockholm.

Previous positions:

Senior adviser of L E Lundbergföretagen AB 2003–2004, President of Danske Securities 2001–2003, President of Östgöta Enskilda Bank/Danske Bank Sverige 1992–2001, President of Nokia Data Sverige 1989–1992, Executive Vice President of Götabanken/GOTA Bank 1983–1989, Strategy consultant SIAR 1976–1983.

Holdings in Husqvarna:

1,125 A-shares, 3,750 B-shares.



Anders Moberg

Born 1950. Elected 2006. Member of the Remuneration Committee.

Other major assignments:

Board Chairman of Clas Ohlson AB and Biva A/S. Board member of Ahlstrom Corporation, Byggmax AB, and DFDS A/S, Hema BV, and ZetaDisplay AB.

Previous positions:

CEO of Majid Al Futtaim Group, 2007–2008. President and CEO of Royal Ahold 2002–2007. Division President International of Home Depot, 1999–2002. President and CEO of IKEA Group 1986–1999.

Holdings in Husqvarna:

180 A-shares, 110,600 B-shares.

Employee representatives



Member Johan Ihrman

Born 1963. Representative of the Federation of Salaried Employees in Industry and Services.

Holdings in Husqvarna:

0 shares.



Member Annika Ögren

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

Holdings in Husqvarna:

0 shares.



Deputy member Fredrik Lilliestielke

Born 1976. Representative of the Federation of Salaried Employees in Industry and Services.

Holdings in Husqvarna:

0 shares.



Deputy member Carita Spångberg

Born 1968. Representative of the Swedish Confederation of Trade Unions.

Holdings in Husqvarna:

0 shares.

Group Management



1. Magnus Yngen
President and CEO

Born 1958. M. Eng. Lic.Tech., Royal Institute of Technology, Stockholm, Sweden. Employed 2008.

Other major assignments: Board member of Duni AB and the Association of Swedish Engineering Industries (Teknikföretagen), Member of the Business Executives Council of IVA.

Previous positions:

Head of Major Appliances Europe, Electrolux, 2006–2008, Executive Vice President and member of Electrolux Group Management 2002–2008. Head of the Electrolux Floor Care and Small Appliances business sector 2002. Head of this sectors European operation 2001, Head of Floor Care International operations, 1999. Technical Director in the Electrolux direct sales operation LUX, 1995.

Holdings in Husqvarna: 67,678 B-shares.



2. Thomas Andersson
Executive Vice President, Head of Supply Chain

Born 1966. MBA General Business Management, Henley University of Reading, UK. Employed and member of Group Management since 2010.

Previous positions:

Head of Volvo Powertrain Sweden Division, 2008. Programme Director of Volvo Cars Manufacturing, Volvo Car Corporation, 2006–2008. Head of Engine Division, Volvo Car Corporation, 2002–2006. Head of HR Manufacturing, Volvo Car Corporation, 1999–2002.

Holdings in Husqvarna: 7,075 B-shares.



3. Martin Bertinchamp
Executive Vice President, Head of Products & Marketing

Born 1958. MBA, University of Saarbrücken, Germany. Employed 2004. Member of Group Management since 2007.

Other major assignments:

Board chairman of HUBER Packaging Group GmbH + Co. KG and of BEURER GmbH. Board member of Rothenberger AG and PAUL BAUDER GmbH & Co.

Previous positions:

President and CEO of Gardena AG 2004. President and CEO of Metabo AG 1996.

Holdings in Husqvarna: 0 shares.



5. Hans Linnarson
Executive Vice President, Head of Sales Europe & Asia/Pacific

Born 1952. B.A, Lund University, Sweden, Electr.Eng., Teknikum, Växjö, Sweden. Employed 1994. Member of Group Management since 2006.

Other major assignments:

Board member Nibe AB.

Previous positions:

Head of Consumer Products Rest of the world, Electrolux 2004. Various management positions in product development, marketing and production within Major Appliances, Europe 1996–2003.

Holdings in Husqvarna: 3,229 A-shares, 52,873 B-shares.

4. Michael Jones
Executive Vice President, Head of Sales Americas

Born 1962. B.A. in Business Administration, California Coast University, USA. Employed and Member of Group Management since 2009.

Previous positions:

General Manager, Cooking Products, within the Appliances division of General Electric, 2007–2009. Various leadership positions within General Electric in Sales, Service, Product Management and international business since 1994.

Holdings in Husqvarna: 8,005 B-shares.

For more information, please visit
www.husqvarna.com

**6. Anders Ströby**

*Executive Vice President,
Head of Construction*

Born 1953. M. Sc. Eng., Royal Institute of Technology, Stockholm, Sweden. Employed 1980. Member of Group Management since 2006.

Previous positions:

Head of Garden Equipment and Construction Products, Electrolux 1996–2002.

Holdings in Husqvarna:

7,848 A-shares, 61,721 B-shares.

Related parties:

3,420 A-shares, 23,400 B-shares.



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7. Bernt Ingman

*Senior Vice President, Head of
Group Staff Finance and IT*

Born 1954. M. Econ., Uppsala University, Sweden. Employed and member of Group Management since 2006.

Other major assignments:

Board member of G & L Beijer AB.

Previous positions:

Executive Vice President and CFO of Munters AB 1997–2005.

Holdings in Husqvarna:

38,100 A-shares, 67,998 B-shares.



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10. Lars Worsøe-Petersen

*Senior Vice President, Head of
Group Staff Human Resources*

Born 1958. M. Econ., Aalborg University, Denmark. Employed 1994. Member of Group Management since 2006.

Previous positions:

Head of Human Resources for Electrolux Major Appliances in North America 2002–2005. Head of Electrolux Holding A/S, Denmark 2000. Head of Human Resources within Electrolux Major Appliances in Europe 1999.

Holdings in Husqvarna:

2,817A-shares, 44,422 B-shares.



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8. Boel Sundvall

*Senior Vice President, Head of
Group Staff Communications and
Investor Relations*

Born 1959. M. Sc. in Econ. and BA., Stockholm School of Economics, Sweden. Employed and member of Group Management since 2010.

Previous positions:

Consultant, WG & Partners 2009, Head of Comm. & IR, Mekonomen AB 2008–2009, Head of Comm. & IR, Eniro AB 2002–2007, Consultant H&H 2000–2001, Head of IR, Swedish Match AB 1997–1999.

Holdings in Husqvarna:

16,127 B-shares.

9. Olle Wallén

*Senior Vice President, Head
of Group Staff Legal Affairs,
Husqvarna Board Secretary*

Born 1953. M. of Law, Stockholm University, Sweden. Employed 1993. Member of Group Management since 2006.

Previous positions:

General Counsel of Electrolux Europe 2002–2005. General Counsel of Electrolux North America 2000–2001.

Holdings in Husqvarna:

4,842 A-shares, 47,048 B-shares.