

Stockholm, March 2007

Dear shareholder,

INFORMATION ABOUT THE BONUS ISSUE OF A-SHARES

Prior to the decision on Electrolux' Annual General Meeting in April 2006 to distribute the shares in Husqvarna to Electrolux' shareholders, Investor AB announced in a press release on April 20, 2006 that Investor AB, in order to obtain greater liquidity in Husqvarna's A-shares, intended to propose to the Board of Directors and the shareholders in Husqvarna to review the share structure with the objective that approximately one fourth of the shares should be A-shares.

Proposal on the bonus issue of A-shares

Against this background, the Board of Directors of Husqvarna has prepared a proposal on a bonus issue to be resolved by the shareholders in Husqvarna at the Annual General Meeting on April 19, 2007. The proposal, in short, includes a bonus issue where ten existing shares, of series A as well as series B, shall entitle the holder to three new A-shares. As an example, a shareholder holding 100 A-shares and 900 B-shares will after the bonus issue hold 400 A-shares and 900 B-shares. A shareholder holding 1,000 B-shares before the bonus issue will hold 300 A-shares and 1,000 B-shares after the bonus issue.

	Before	Bonus issue 3A:10	New shares	After	
Example 1	100 A-shares	→	30 A-shares	→	400 A-shares
	900 B-shares	→	270 A-shares	→	900 B-shares
Example 2		→	300 A-shares	→	300 A-shares
	1,000 B-shares				1,000 B-shares

Surplus rights, for shareholders whose shares are directly registered and whose shareholdings are not evenly divisible by ten, will be collected by Husqvarna and sold centrally on behalf of such shareholders. Payment related to such surplus rights will be delivered directly to the accounts of the shareholders concerned, after deduction of potential sales charges, as soon as possible after the sale.

The shareholding will change automatically

If the Annual General Meeting resolves in accordance with the Board's proposal, the bonus issue will be carried out automatically. *Consequently, no actions will be needed by You as a shareholder.*

Timetable in short

Record date for the proposed bonus issue is May 16, 2007. This means that the last day of trading in the Husqvarna share including the right to participate in the bonus issue is May 11, 2007 and the first day of trading excluding this right is May 14, 2007.

VPC (the Swedish Central Securities Depository) will in connection with the record date distribute a so called VP-notice (to all directly registered shareholders) showing the new number of shares on Your VP-account.

Effects on the share structure

Through the bonus issue, the number of A-shares increases by 88,877,745. The A-shares' share of the total number of shares will be approximately 25.5% and approximately 77.4% of the votes. The share structure in Husqvarna will change as described below.

Share series	Before bonus issue			After bonus issue		
	Number	% votes	% cap	Number	% votes	% cap
A-shares	9,502,275	24.9	3.2	98,380,020	77.4	25.5
B-shares	286,756,878	75.1	96.8	286,756,875	22.6	74.5
Total	296,259,153	100.0	100.0	385,136,895	100.0	100.0

Effects on the ownership structure

Based on Husqvarna's share register as per December 31, 2006 the ownership structure will change as described below.

Shareholder	Before bonus issue			Votes	Capital
	A-shares	B-shares	Total		
Investor	8,752,971	24,074,100	32,827,071	29.2%	11.1%
Swedbank Robur Fonder		12,250,555	12,250,555	3.2%	4.1%
Alecta	443,000	10,392,800	10,835,800	3.9%	3.7%
AFA Försäkring		9,231,452	9,231,452	2.4%	3.1%
Fjärde AP-fonden		9,186,340	9,186,340	2.4%	3.1%
SEB Fonder		8,662,413	8,662,413	2.3%	2.9%
SHB/SPP Fonder		8,198,355	8,198,355	2.1%	2.8%
AMF Pension		6,210,200	6,210,200	1.6%	2.1%
Franklin-Templeton fonder		5,795,949	5,795,949	1.5%	2.0%
Lannebo Fonder		4,665,100	4,665,100	1.2%	1.6%
Andra AP-fonden		3,941,290	3,941,290	1.0%	1.3%
HQ Fonder		3,880,300	3,880,300	1.0%	1.3%
Skandia Liv	134,111	3,440,164	3,574,275	1.3%	1.2%
Others	172,193	176,827,860	177,000,053	46.8%	59.7%
Total	9,502,275	286,756,878	296,259,153	100.0%	100.0%

After bonus issue					
Shareholder	A-shares	B-shares	Total	Votes	Capital
Investor	18,601,091	24,074,097	42,675,188	16.5%	11.1%
Swedbank Robur Fonder	3,675,167	12,250,555	15,925,722	3.9%	4.1%
Alecta	3,693,740	10,392,800	14,086,540	3.7%	3.7%
AFA Försäkring	2,769,436	9,231,452	12,000,888	2.9%	3.1%
Fjärde AP-fonden	2,755,902	9,186,340	11,942,242	2.9%	3.1%
SEB Fonder	2,598,724	8,662,413	11,261,137	2.7%	2.9%
SHB/SPP Fonder	2,459,507	8,198,355	10,657,862	2.6%	2.8%
AMF Pension	1,863,060	6,210,200	8,073,260	2.0%	2.1%
Franklin-Templeton fonder	1,738,785	5,795,949	7,534,734	1.8%	2.0%
Lannebo Fonder	1,399,530	4,665,100	6,064,630	1.5%	1.6%
Andra AP-fonden	1,182,387	3,941,290	5,123,677	1.2%	1.3%
HQ Fonder	1,164,090	3,880,300	5,044,390	1.2%	1.3%
Skandia Liv	1,206,394	3,440,164	4,646,558	1.2%	1.2%
Others	53,272,209	176,827,860	230,100,069	55.8%	59.7%
Total	98,380,020	286,756,875	385,136,895	100.0%	100.0%

Effects on the share price and key ratios per share

When the bonus issue is concluded, the number of shares in Husqvarna will increase, which means that the share price will decrease. At an assumed share price before the bonus issue of SEK 110, the new theoretical share price can be calculated to approximately SEK 85 ($110 \times 10 / (10 + 3)$).

Certain other key ratios calculated per share will also be affected, which is exemplified in the table below.

Key ratio	Before bonus issue	After bonus issue
Earnings per share (pro forma)	6.29	4.83
Equity per share	21.10	16.23

Tax issues

The general principles of certain Swedish tax effects for shareholders that receive shares through the proposed bonus issue are outlined in appendix 1.

The Board's complete proposal regarding the bonus issue etc. will be available from April 5, 2007 at the company and on the website www.husqvarna.com and will be sent to shareholders so requesting. Enclosed, you will also find a short description of Husqvarna's remuneration principles.

Yours sincerely,



Bengt Andersson
President and CEO

APPENDIX 1

Certain tax issues in relation to the proposed bonus issue

The following is a brief description of certain Swedish tax issues that may arise for shareholders in Husqvarna who receive shares and surplus bonus share rights in the proposed bonus issue. The tax treatment for each shareholder depends to some extent on the specific situation of the relevant shareholder. Shareholders are therefore recommended to consult a tax advisor for information with respect to the tax consequences that may arise as a result of the proposed bonus issue.

In general, no immediate tax consequences will arise for shareholders who participate in the bonus issue and receive new shares of series A in Husqvarna. Capital gains taxation will be triggered on a future disposal of the shares received.

For shareholders who receive surplus bonus share rights (Sw. *överskjutande fondaktierätter*), which are divested centrally on behalf of the shareholders, capital gains taxation will normally be triggered. In the capital gains calculation, bonus issue rights that are received due to the shareholding are considered to be acquired at no cost. Hence, the entire sales proceeds, after deduction for sales expenses, will normally be subject to taxation. The so-called standard method (see further below) does not apply in such case.

On a disposal of the shares in Husqvarna, the acquisition cost for all shares of the same type and class shall be determined collectively under the so-called average method. Hence, the acquisition cost for shares of series A and B shall be calculated separately. This means that a shareholder who, prior to the bonus issue, only held shares of series B in Husqvarna should be considered to have acquired the shares of series A received in the bonus issue for nil SEK. Furthermore, a shareholder's average acquisition cost for the shares in Husqvarna may be affected by the bonus issue. Since shares of series A and B in Husqvarna are listed, the acquisition cost for the shares may, as an alternative, be determined as 20 per cent of the net sales revenue under the standard method. The principles for computing the acquisition cost of the shares are illustrated in two examples on the next page.

No withholding tax (Sw. *kupongskatt*) is levied on the recipient of shares in a bonus issue. Accordingly, shareholders that are not resident or domiciled in Sweden for tax purposes are normally not subject to Swedish taxation as a consequence of a bonus issue or a disposal of surplus bonus share rights. Such shareholder may, however, be subject to tax in the relevant state of residency.

Example 1

A shareholder in Husqvarna who currently holds 100 shares of series A and 900 shares of series B will following the bonus issue hold 400 shares of series A and 900 shares of series B. It is assumed that the average acquisition cost for the original shares of series A amounts to SEK 100 per share. This means that the average acquisition cost per share of series A will be SEK 25 ($100 \times 100 / 400$) following the bonus issue. The acquisition cost for the shares of series B will not be affected by the bonus issue.

Example 2

A shareholder in Husqvarna who currently holds 1,000 shares of series B will following the bonus issue hold 300 shares of series A and 1,000 shares of series B. It is assumed that the average acquisition cost for the original shares of series B amounts to SEK 100 per share. However, the acquisition cost for shares of series B should not be allocated to the shares of series A received in the bonus issue, since the acquisition cost for shares of series A and B shall be calculated separately. This means that the acquisition cost for shares of series A received should be nil SEK. However, the standard method, according to which the acquisition cost is equal to 20 per cent of the net sales revenue, may be applied on a future disposal of the shares.

APPENDIX 2

This is a summary of the Board's proposal that can be found in the notice to the 2007 AGM in Husqvarna and that will be held available prior to the meeting.

Information on remuneration principles for senior managers in Husqvarna AB (publ)

Background

The purpose with this information is to present Husqvarna's views on remuneration to senior managers and to briefly describe the long term incentive program proposed by the Board.

Husqvarna's long term goal is to achieve a good profitability during a business cycle and thereby create value for the shareholders. A cornerstone when it comes to achieving the goal is that the Group can attract and motivate competent managers. The Board considers that this is best achieved by a well-balanced remuneration package.

The basis for the company's remuneration principles is that senior managers shall have a total remuneration that is linked to annual and long terms business targets.

Forms of remuneration

Total remuneration shall comprise fixed remuneration and variable performance based remuneration. Fixed remuneration shall be the base of the remuneration package. Variable remuneration shall create a strong incentive for the senior managers to meet and exceed the targets and also to ensure that there is a direct link between remuneration and the company's profitability.

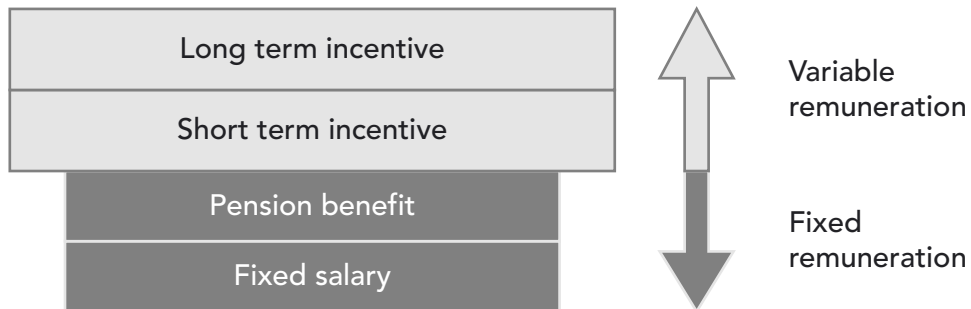
Fixed remuneration

The fixed remuneration comprises fixed salary and pension benefits. As a main principle, pension benefits shall be defined contribution plans, meaning that the cost for the pension benefit is known in advance. In general, the fixed remuneration shall be on the same level as the remuneration to senior managers in comparable companies. The reference companies are companies with an international business and that are of comparable size with Husqvarna. The measurements that have been used are market value, turnover and number of employees.

Variable remuneration

Variable remuneration is paid if the targets set by the Board are met or exceeded. Variable remuneration may constitute a substantial part of total remuneration if the targets are exceeded, but may also amount to zero if the threshold target is not met. There is also a cap for the variable remuneration.

The variable remuneration comprises both a short term incentive based on annual targets and a long term incentive based on long term business targets.



Short-Term Incentive – STI

The purpose of the short term incentive is to award the managers if the annual targets are met.

Long-Term Incentive – LTI

The proposed long term incentive program is considered a part of the total remuneration. Approximately 50 senior managers will be offered to participate in the LTI-program. The purpose of the program is to:

- i Award the managers if the long term targets are met;
- ii Align the interests of the managers and the shareholders and to encourage the managers to purchase Husqvarna shares;
- iii Offer a competitive remuneration package;
- iv Motivate key employees to stay in the Group.

The program has the following three main components:

- a) Senior managers shall during the first year use 5–10% of their “target salary” (fixed salary and variable remuneration, STI) to purchase Husqvarna shares. A manager that does not purchase shares cannot participate in the LTI program.
- b) The personal investment made by the manager is matched by Husqvarna after three years. “Matching” means that Husqvarna awards the manager with 1.5 times the number of shares that the manager purchased three years earlier. No matching will take place if the manager terminates his or her employment prior to the end of the three-year-period.
- c) The managers who purchase Husqvarna shares also participate in a performance based employee stock option program. Provided that the earnings per share increases to certain established levels during the three-year-period, the manager will be awarded employee stock options. The number of employee stock options that will be awarded is dependant on how much the earnings per share have increased. The employee stock options may, at the earliest, be exercised four years after the initial purchase.

The implementation of the program requires that the Annual General Meeting resolves to adopt it.



For more information, please contact
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Husqvarna is the world's largest producer of lawn mowers, chainsaws and portable petrol-powered garden equipment such as trimmers and blowers. The Group is also a world leader in diamond tools and cutting equipment for the construction and stone industries. Net sales in 2006 were SEK 29.4 billion and the average number of employees was 11,400.