

**Proposals by the Board of Directors
to be presented at the Annual General Meeting
of shareholders of Husqvarna AB (publ) on 23 April 2009**

The below proposals correspond with the numbering set forth in the agenda proposed by the Board of Directors.

Principles for remuneration for the senior management of the company (item 13)

For the Husqvarna CEO and other members of the Group Management (the "Group Management"), the principles for remuneration approved by the AGM 2008 applies. The Board of Directors proposes that the corresponding principles should be approved by the AGM 2009 for the period up to and including AGM 2010.

These principles shall apply to remuneration and other employment conditions of the Group Management. The principles shall apply to contracts of employment entered into after the Annual General Meeting 2009 and also to amendments made thereafter to contracts of employment which are in force. Remuneration to the Group Management is determined by the Husqvarna's Board of Directors based on proposals from the Board of Directors Remuneration Committee.

Principles

The overall principles for remuneration to the Group Management shall be based on the position held, individual performance, Group performance and remuneration shall be on a competitive basis in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

Husqvarna shall aim to offer a competitive total remuneration level with a primary focus on "pay for performance". This means that variable remuneration can constitute a substantial component of total remuneration.

Fixed salary

Fixed salary shall comprise the basis for total remuneration. The salary shall be related to the relevant market and shall reflect the degree of responsibility involved in the position. The salary levels shall be reviewed regularly (usually through an annual salary review) in order to ensure continued competitiveness and in order to correctly reward performance.

Variable salary (Short-term Incentive "STI")

Members of the Group Management shall be covered by STI in addition to the fixed salary. The emphasis in STI shall be on the financial result for the Group or for the sector or function for which the member of Group Management is responsible for. In addition, performance indicators can be used in order to focus on improvement areas of special interest to the company. Clearly defined objectives for "target" and "stretch" levels of performance shall be stated in the beginning of the year and reflect the plans approved by the Board. STI shall be dependent on the position and may amount to a maximum of 50% of the salary on attainment of the "target" level and a maximum of 100% of the salary on attainment of "stretch" level, which also is the cap for the STI. In the USA, the STI component is normally higher and may in some cases amount to a maximum of 100% on attainment of the "target" level and a maximum of 150% of the salary on attainment of the "stretch" level. The Board of Directors decides whether the maximum levels shall be utilized or if a lower level shall be used.

Long-term incentive

The Board of Directors will annually evaluate if a long-term incentive program (e.g. share or stock options) should be proposed to the Annual General Meeting.

Pensions and insurance

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment and that the value of the benefits are on a level with standards of the country. If possible, pension plans shall be defined-contribution plans in accordance with the Group Pension Policy.

Other benefits

Other benefits can be provided in accordance with normal practice in the country where the member of Group Management is employed. However, these benefits shall not constitute a significant part of the total remuneration.

Notice of termination and severance pay

Members of Group Management shall be offered notice periods and levels of severance pay which are in line with accepted practice in the country where the member is employed. Members of Group Management shall be obliged not to compete with the company during the notice period. Based on the circumstances in each case, a non-compete obligation with continued payment may be applied also after the end of the notice period. Such non-compete obligation shall not apply for more than 24 months from the end of the notice period.

Previously determined remuneration which has not become payable

The main conditions for remuneration to the Group Management in the current employment agreements should be clear from note 24 in the Annual Report for 2008 with references.

Authority for the Board to deviate from the guidelines

If special circumstances exist, the Board of Directors shall be able to deviate from these guidelines. In the event of such a deviation, the next Annual General Meeting shall be informed of the reasons.

Long term incentive program ("LTI 2009") item 14

Summary of the program

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive program, LTI 2009. The terms and conditions for LTI 2009 are similar to those for the incentive program that was approved by the Annual General Meeting in 2007 and 2008 (LTI 2007 and LTI 2008). LTI 2009 is proposed to include maximum 50 senior managers within the Husqvarna Group. LTI 2009 entails that the participants will invest in B-shares in Husqvarna. Subject to the fulfilment of certain targets and conditions three years thereafter, the personal investment will be matched by the company through grants of restricted share awards and performance based stock options, in accordance with the terms stipulated below.

The personal investment and share matching

In order to participate in the program, the employees must purchase B-shares in Husqvarna corresponding to a value of at least SEK 20,000 and a maximum of 6% of their annual target income (fixed salary plus variable salary on target level). For LTI 2007 and 2008, the personal investment was limited to a minimum of 5 % and a maximum of 10 % of the annual target income. The personal investment will be carried out through a central purchase by a bank.

For each B-share which the employee purchases as their personal investment within the framework of LTI 2009, the Company will grant one share award and a number of stock options. Each share award entitles the holder to one B-share free of charge, three years after grant, provided that the participant is still employed by the Husqvarna Group and that the target level "Entry" is fulfilled, which is a level in respect of increase of the Company's earnings per share during 2009-2011, as determined by the Board of Directors. For LTI 2007 and LTI 2008, there is no requirement to achieve any performance target to be entitled to the share match.

The share matching will be based on the amount of shares which the employee purchases, however the purchase price will be assumed to correspond to a minimum of SEK 20 per share, which means that the number of shares can amount to no more than 6% of the target income divided by 20. This limitation as to the purchase price enables control and predictability over the maximum scope and cost of the incentive program.

The share awards

The share awards shall be governed by the following terms and conditions:

- Vests three years after grant.
- To be entitled to the share match requires that the participant is still employed by the Husqvarna Group, has maintained the personal investment for three years from the day of grant and that the target level "Entry" is fulfilled, in respect of the Company's earnings per share during 2009-2011 as determined by the Board of Directors.
- Granted free of charge.
- Carry no right to compensation for dividends on the underlying shares.
- Non-transferable.
- May be granted by Husqvarna or any other company within the Husqvarna Group.

The stock options

The stock options shall be governed by the following terms and conditions:

- Granted free of charge.
- Each stock option entitles the participant to purchase one B-share in the company. The purchase price when exercising a stock option shall correspond to 110% of the average volume weighted closing price of the company's B-share at NASDAQ OMX Stockholm, during a period of 10 trading days prior to the day of grant.
- Can be exercised at the earliest three years and at the latest eight years from the day of grant.
- Carry no right to compensation for dividends on the underlying shares.
- Non-transferable.
- Exercise of the options provides that the holder is still employed by the Husqvarna Group, and has maintained the personal investment for three years from the day of grant.
- Can be granted by Husqvarna or any other company within the Husqvarna Group.

The number of stock options that can be exercised depends on the number of B-shares that the participant has purchased under the framework of LTI 2009, as well as the company's earnings per share increase, during 2009-2011, to certain target levels determined by the Board of Directors. These determined levels are; Entry, Target and Stretch, with a linear progression between each level. Entry constitutes a minimum level which must be exceeded in order to enable exercise of the stock options. The levels correspond to the following numbers of stock options:

- Entry: 5 options per purchased B-share + 2,000 options
- Target: 10 options per purchased B-share + 5,000 options
- Stretch: 15 options per purchased B-share + 8,000 options

Consequently, the total number of stock options that can be exercised is limited to 15 options per purchased B-share plus an additional 8,000 options per participant.

Preparation and administration

The Board of Directors, or a committee established by the Board, shall be responsible for preparing the detailed terms and conditions of the incentive program, in accordance with the terms and guidelines resolved by the Annual General Meeting. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Husqvarna Group, or its circumstances, would result in a situation where the decided terms and conditions for share matching and for the possibility to exercise the stock options under the incentive program, become inappropriate to use.

Allocation

LTI 2009 is proposed to comprise a maximum of 3,781,200 B-shares, assuming a price of SEK 30 each for the B-shares purchased as part of the personal investment under LTI 2009. In accordance with the above, LTI 2009 will comprise the following number of B-shares for the different categories of participants: the CEO, approximately 284,000 B-shares, members of Group Management, each approximately an average of 119,000 B-shares, corresponding to a total of approximately 951,700 B-shares, and other participants, each approximately an average of 62,100 B-shares, corresponding to a total of approximately 2,545,500 B-shares. The above described numbers are conditional upon the participants investing 6% of their annual target salary and the fulfilment of Stretch as described above.

Scope and costs of the program

Assuming a price of SEK 30 each for the shares purchased as part of the personal investment, LTI 2009 is estimated to comprise no more than 0.66% of the share capital after the rights issue in Husqvarna. Considering the issued and outstanding options and rights to shares in accordance with previous incentive programs (LTI 2007 and LTI 2008), the company's incentive programs correspond to approximately 1.12% of the total number of shares. For a description of the company's other share related incentive programs, reference is made to the annual report for 2008, note 19, page 74, and the company's website.

LTI 2009 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that share awards and stock options should be expensed as personnel costs over the vesting period and will be reported directly against equity. The accounting cost for the program is estimated to SEK 18 million before tax, if the performance level Target is reached. The cost will be allocated over the years 2009-2013. The corresponding cost at performance level Stretch is estimated to SEK 25 million. Social security charges are included in the estimated amounts. The estimation of cost above is based on the assumptions that the share price is SEK 30 at the time of the personal investment, that each participant make a maximum personal investment, and that the annual employee turnover is 5% among the participants of the program.

In order to limit the costs, including social security charges, for the program, the Board of Directors will adopt security measures, such as share swaps, with unrelated parties and/or on the condition that the annual general meeting resolves in accordance with item 15 on the agenda regarding the repurchase of the company's own shares, which can be transferred to the participants of the program. The intention is to not issue new shares as a result of the program. At a possible repurchase of the company's own shares, already issued shares will be repurchased and then transferred to employees, or alternatively be sold on the market in order to cover the costs for social security charges.

The rationale for the proposal

The purpose of LTI 2009 is to retain and recruit competent managers, provide competitive remuneration and to align the interests of the managers with the interests of the shareholders. In light of the above, the Board of Directors believes that adopting the incentive program will have a positive effect on the development of the Husqvarna Group and consequently that it will be beneficial to both the shareholders and the Company.

Preparation

The incentive program that is based on the terms and conditions of the incentive program of the previous year, LTI 2008, and has in accordance with guidelines set out by the Remuneration Committee been prepared by the Group Management on consultation with external advisors. The incentive program has been reviewed at meetings of the Board of Directors in 2009.

Majority requirement

For a valid resolution in accordance with this proposal, a shareholder majority of nine tenths of the shares as well as the votes represented at the Annual General Meeting is required.

Re-purchase and transfer of own B-shares (item 15)

Authorization to re-purchase and transfer the Company's own B-shares (item 15 a))

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve to acquire the Company's own shares until the next Annual General Meeting in accordance with the following.

1. The Company may acquire a number of shares of series B so that the Company holds no more than 3% of the total number of shares in the Company after each acquisition.
2. The shares shall be acquired at NASDAQ OMX Stockholm.
3. The acquisitions of shares over the stock exchange may only take place at a price within the registered spread at any given time, meaning the difference between the highest buying price and lowest selling price.
4. Payment for the shares shall be made in cash.

The purpose of the authorization is to hedge the Company's undertakings (including social costs) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes. Further, acquired shares will be used to hedge costs (including social costs) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as proposed in item 10.

Authorization to transfer of the Company's own B-shares (item 15 b))

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve to transfer the Company's own shares until the next Annual General Meeting in accordance with the following.

1. The Company may transfer such own shares of series B that the Company holds at the time of the Board of Directors decision.
2. The shares shall be transferred at NASDAQ OMX Stockholm.
3. The transfer of shares over the stock exchange may only take place at a price within the registered spread at any given time.
4. Payment for the shares shall be made in cash.

The purpose of the authorization is to hedge the Company's undertakings (including social costs) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes. Further, acquired shares will be used to hedge costs (including social costs) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as proposed in item 10.

Transfer of own shares by reason of LTI 2009 (item 15 c))

The Board of Directors proposes that the Annual General Meeting resolves to transfer the Company's own shares in accordance with the following.

1. At most 3,781,200 B-shares may be transferred.
2. The participants in the above mentioned programs (the "Participants") shall be entitled to receive the shares. Each Participant shall be entitled to a maximum number of shares in accordance with the conditions of the program.
3. The right to receive shares is conditional upon that all conditions of the program are fulfilled.

4. Transfers of shares in accordance with share awards granted under LTI 2009 will be made free of charge.
5. Transfers of shares in accordance with the employee stock options granted under LTI 2009 will be made at a price corresponding to 110% of the close price of the Company's B-share on NASDAQ OMX Stockholm during a period of 10 trading days prior to the grant of options.
6. The number of shares that may be transferred in connection with the program will be subject to recalculation in case the Company carries out a bonus issue, a split, a rights issue or similar, all in accordance with the conditions of the program.

The transfer of own shares is a part of LTI 2009 as proposed by the Board in item 14.

Majority Requirements

For a valid resolution in accordance with the Board of Directors proposal pursuant to items a and b above, a shareholder majority of two thirds of the votes and two thirds of the shares represented at the Annual General Meeting is required. For a valid resolution in accordance with the Board of Directors proposal pursuant to the item c) above, a shareholder majority of nine tenths of the votes and nine tenths of the shares represented at the Annual General Meeting is required.

The Board of Directors' reasoned statement is set forth in **appendix A**.

The Board of Directors statement in accordance with Chapter 19 Section 22 of the Companies Act (2005:551)

Background

The Board of Directors hereby presents the following statement in accordance with Chapter 19, Section 22 of the Companies Act.

The reasons for the Board of Directors view that the proposed authorization of the Board to repurchase own shares are in accordance with the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act are the following.

The assets and liabilities have been valued at their actual value in accordance with Chapter 4, Section 14 a of the Annual Accounts Act (1995:1554). If the valuation had not been made at actual value the equity would have been SEK 7,052,000 higher.

The nature, scope and risks of the business

The nature and scope of the company's and the group's business are set out in the articles of association and previous annual reports. The business carried out by the company and the group does not entail greater risks than risks that exist or is likely to exist in the industry or such risks which are generally associated with running a business. As regards material events, reference is made to the report by the Board of Directors. The effects on the company and the group from changes of business cycles do not differ from what is otherwise the case in the industry.

The financial position of the company and the group

The financial position of the company and the group as of 31 December 2008 is described in the most recent annual report. The annual report also states which accounting principles that have been applied when valuing of assets, reserves and liabilities.

The Board has proposed that the Board is authorized to resolve to acquire B shares in the company up to a maximum of 3% of the company's total number of shares.

The annual report shows that the company's net debt-equity ratio amounts to 34.8% and the group's net debt-equity ratio is 25.7%. The company's and the group's debt-equity ratio does not differ from what is common within the industry. A full utilization of the proposed authorization to acquire the company's own shares do not jeopardize the investments which are deemed necessary for the business.

A full utilization of the proposed authorization to acquire the company's own shares do not affect the company's and the group's ability to fulfill its current and future payment obligations in a timely manner. The company's and the group's liquidity forecast comprises a readiness to handle variations in the ordinary course payment obligations of the company.

The company's and the group's financial position does not give rise to any other conclusion than that the company and the group will be able to continue its business and that the company can be expected to fulfill its obligations on both a short and long-term basis.

Taking into account a full utilization of the proposed authorization to repurchase the company's own shares, the Board of Directors makes the assessment that the size of the company's and the group's equity is reasonable in relation to the scope of the company's and the group's business and the risks connected with the company's business.

Conclusion

With reference to the above, and to what has otherwise come to the knowledge of the Board of Directors, the Board of Directors is of the opinion that the authorization is justifiable in light of the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act.

Stockholm in March 2009
Husqvarna AB (publ)
The Board of Directors