

## **Report on Husqvarna AB's Nomination Committee's work for the 2011 Annual General Meeting**

### **Background**

In accordance with the decision by the Annual General Meeting in April 2010, Husqvarna should have a Nomination Committee consisting of representatives of each of the four largest shareholders in terms of voting rights and the Chairman of the Board.

The four largest shareholders have appointed the following representatives who, together with Husqvarna's Board Chairman, will form the Nomination Committee.

The Nomination Committee's members are:

- Petra Hedengran, Investor AB, Chairman of the Nomination Committee
- Claes Boustedt, L E Lundbergföretagen AB
- Ramsay J. Brufer, Alecta Mutual Pension Insurance
- Torbjörn Callvik, Livförsäkringsaktiebolaget Skandia
- Lars Westerberg, Chairman of the Husqvarna Board

The Nomination Committee has been given the task to prepare and present the following proposals to the 2011 Annual General Meeting:

- Chairman of the Annual General Meeting
- Members of the Board of Directors
- Chairman of the Board of Directors
- Board fees (split between the Chairman, other Board Members and for committee work)
- Audit fees
- Nomination Committee for the Annual General Meeting 2012

### **Nomination Committee's work and proposals including reasoned statement**

The Nomination Committee held three meetings and had contacts between meetings. The Nomination Committee has been presented with an evaluation of the Board and its work. To assess the degree to which the current Board of Directors meets the requirements that are placed on the board following the Company's situation and future direction of the Board size and composition, as regards, for example, industry experience and skills, has been discussed.

No proposals for Board Members have been submitted to the Nomination Committee.

In addition, the Nomination Committee has discussed the issue of the Board Members' independence. The proposal for the composition of the Board meets the requirements of NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance for independent Board Members.

The Nomination Committee proposes that the current Board Members are re-elected. It is the opinion of the Nomination Committee that the proposed ten Board Members are very well suited for carrying out Husqvarna's Board work over the coming term of office.

The Nomination Committee considers that the proposed Board of Directors has an appropriate composition to meet the Company's needs with respect to its operations and its competition situation. The Nomination Committee has paid particular attention to the increasing international competition and the demands it places on the Board's skills, knowledge about the different operations and the ability to foresee the outcome and risks

at different markets. The Nomination Committee has also paid attention to the Board Members diversity for instance in background and experience.

In the opinion of the Nomination Committee, it is of great importance for the international development and competitiveness of the Company that Members of the Board are highly competent with required knowledge and active interest in the company. In order to attract eligible Board Members and to ensure required competence and experience the Nomination Committee is confident that fees shall correspond to international standards.

At the Annual General Meeting in April 2010 PricewaterhouseCoopers AB was appointed as the Company's external Auditor, with Anders Lundin as the auditor-in-charge, for the period until the Annual General Meeting in 2014. Election is therefore not an issue this year.

Regarding Auditors' fees, the Nomination Committee proposes that the Meeting decides that fees shall be paid on the basis of an approved invoice, since the fees are not known in advance.

**The Nomination Committee therefore proposes the following for decision:**

- Chairman of the Annual General Meeting, Lars Westerberg.
- Number of Board Members to be elected by the AGM, amounting to ten members.
- Re-election of Lars Westerberg, Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Magdalena Gerger, Tom Johnstone, Ulla Litzén, Ulf Lundahl, Anders Moberg and Magnus Yngen.
- Re-election of Lars Westerberg as Chairman of the Board.
- Fees to Board members by in total SEK 5,975,000, whereof SEK 1,650,000 to the Chairman and SEK 475,000 to each of the other members.
- Fees for work within the Board committees, amounting to SEK 100,000 to the chairman of the remuneration committee and SEK 50,000 to each of the members of the remuneration committee and SEK 175,000 to the chairman of the audit committee and SEK 75,000 to each of the members of the audit committee.
- Opposed to previous years, the Nomination Committee does not propose that a part of the remuneration to the Board of Directors shall be paid in synthetic shares. However, the Nomination Committee expects the Board members to involve economically in Husqvarna by acquiring shares corresponding to one year remuneration within a period of the following five years.
- Principles for appointment of Nomination Committee for AGM 2012, **Appendix 1** hereto.

Information about all individuals proposed as Members of Husqvarna AB's Board, and the Nomination Committee's evaluation of each Member's independence, can be found on the Company's website.

The Nomination Committee, March 2011

The Nomination Committee proposes that the nomination process in Husqvarna AB for the Annual General Meeting 2012 should be carried out as follows:

1. The Company should have a Nomination Committee consisting of one representative of each of the four largest shareholders in the Company with regard to the number of votes held, together with the Chairman of the Board of Directors. The names of the four representatives and the names of the shareholders they represent shall be announced at the latest six months before the Annual General Meeting 2012 and shall be based on the known number of votes as of August 31, 2011. The term of office for the Nomination Committee shall be for the period until a new Nomination Committee has been appointed. Unless the members of the Nomination Committee agree otherwise, the Chairman of the Nomination Committee shall be the member that represents the largest shareholder with regard to the number of votes held.
2. If, during the term of office of the Nomination Committee, shareholder having appointed a representative to the Nomination Committee no longer is among the four largest shareholders with regard to the number of votes held, representative appointed by such shareholder shall resign and the shareholder who is among the four largest shareholders with regard to the number of votes held, may appoint its representative. If there are only marginal changes in the number of votes held or if the change occurs later than three months before the Annual General Meeting, no changes shall be made in the composition of the Nomination Committee unless there are special circumstances. A shareholder who has appointed a representative as member of the Nomination Committee has the right to dismiss such member and appoint a new representative as member of the committee. Changes in the composition of the Nomination Committee shall be announced as soon as they have occurred.
3. The Nomination Committee shall prepare the below proposals to be submitted to the Annual General Meeting 2012 for resolution:
  - a) Proposal regarding Chairman of the Annual General Meeting;
  - b) Proposal regarding Directors of the Board;
  - c) Proposal regarding Chairman of the Board of Directors;
  - d) Proposal regarding Directors' fees and remuneration for committee work; stating the distribution between each member of the Board of Directors;
  - e) Proposal regarding Auditor's fees;
  - f) Proposal regarding Nomination Committee for the Annual General Meeting of 2013.
4. The Nomination Committee, when performing its duties, should fulfil the duties that rest upon the Nomination Committee under the Swedish Code on Corporate Governance including, i.e., to provide the Company with certain information in order to enable the Company to fulfil its disclosure obligation under the Code and for the Company to, upon request of the Nomination Committee, provide personnel resources such as secretary function for the Nomination Committee to facilitate the work of the committee. If needed, the Company shall also be able to pay reasonable costs for external consultants that the Nomination Committee deems necessary in order for the Committee to be able to fulfil its assignment.