

## **Annual General Meeting of Husqvarna AB (publ)**

**The shareholders of Husqvarna AB (publ) are hereby invited to participate at the Annual General Meeting, which will be held at 4 p.m. on Wednesday, May 4, 2011, at the Elmia Congress Centre, the Hammarskjöld Hall, Elmiavägen 15 in Jönköping.**

### **Registration and notice**

Shareholders who intend to participate at the Annual General Meeting must

- have their names entered in the register of shareholders maintained by Euroclear Sweden AB on Thursday, April 28, 2011, and
- notify the Company of their intention to participate no later than on Thursday, April 28, 2011, by mail to Husqvarna AB, c/o Computershare, PO Box 610, SE-182 16 Danderyd, Sweden, or by telephone at +46 8 738 70 10 between 9 a.m. and 4 p.m. weekdays or via the Company's website, [www.husqvarna.se/agm](http://www.husqvarna.se/agm) and must include information of any advisors that will be attending.

Notice should include the shareholder's name, personal or company registration number, address and telephone number. The data received will be computerized and used solely for the purpose of the Annual General Meeting 2011. For shareholders wishing to participate by proxy, proxy templates are provided on the Company's website. Shareholders participating by proxy should submit the proxy authorization to the above address prior to the date of the Annual General Meeting.

Shareholders whose shares are registered in the names of nominees must temporarily register the shares in their own name in order to be entitled to participate at the Annual General Meeting. To ensure that such registration is made prior to Thursday, April 28, 2011 shareholders must inform the nominee well in advance of that date.

At the time of the issue of this notice, the total number of shares in the Company amounts to 134,117,112 of A-shares and 442,226,666 of B-shares, corresponding to 178,339,778.6 votes. The Company owns 3,906,007 B-shares at the same point in time.

### **Agenda**

1. Opening of the Annual General Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons minute checkers
6. Determination as to whether the meeting has been properly convened
7. Presentation of the Annual Report and the Audit Report as well as the Consolidated Accounts and the Audit Report of the Group and in connection therewith, the President's business report
8. Resolution on
  - a) adoption of the Profit and Loss Statement and the Balance Sheet as well as the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet,
  - b) appropriation of the Company's profit or loss pursuant to the adopted Balance Sheet,
  - c) discharge from liability of the Directors and the President
9. Determination of the number of Directors to be elected
10. Determination of remuneration to the Directors and the Auditors
11. Election of Directors and Chairman of the Board
12. Resolution on Nomination Committee
13. Resolution on principles for remuneration for the Group Management
14. Resolution on long term incentive program (LTI 2011)
15. Resolutions on acquisition and transfer of Husqvarna B-shares
  - a) resolution on authorization for the Board to acquire Husqvarna B-shares
  - b) resolution on authorization for the Board to transfer Husqvarna B-shares
  - c) resolution to transfer Husqvarna B-shares in relation to LTI 2011

16. Resolution on authorization for the Board to resolve on a new issue of shares
17. Resolution on change of the Articles of Association regarding term of office for the Auditors
18. Closing of the meeting

## **Proposals**

### ***Chairman and number of Directors (item 2 and 9)***

The Nomination Committee proposes that Lars Westerberg is elected chairman of the Annual General Meeting. Further, the Nomination Committee proposes that the Board of Directors shall comprise ten Directors without Deputies.

### ***Disposition of the Company's profit or loss (item 8 b)***

The Board of Directors proposes a dividend for the financial year 2010 of SEK 1.50 per share and Monday, May 9, 2011 as record date for the dividend. If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, the estimated date for the payment of the dividend is Thursday, May 12, 2011.

### ***Remuneration to the Board of Directors and the Auditors (item 10)***

The Nomination Committee proposes a total Board remuneration of SEK 5,975,000, whereof SEK 1,650,000 to the Chairman of the Board and SEK 475,000 to each of the Directors not employed by the Company. For work within the Remuneration Committee, it is proposed that the Chairman shall receive SEK 100,000 and the two members SEK 50,000 each. For work within the Audit Committee it is proposed that the Chairman shall receive SEK 175,000 and the two members shall receive SEK 75,000 each.

The Nomination Committee proposes that the previous set-up with a remuneration partly paid by way of synthetic shares not be renewed. However, the Nomination Committee expects the Board members to engage themselves financially in Husqvarna by acquiring Husqvarna-shares within a period of five years corresponding to one year's remuneration.

The Nomination Committee proposes that the Auditors' fee shall be paid on the basis of approved invoice.

### ***Election of Directors and Chairman of the Board (item 11)***

The Nomination Committee proposes a re-election of the Directors Lars Westerberg, Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Magdalena Gerger, Tom Johnstone, Ulla Litzén, Ulf Lundahl, Anders Moberg and Magnus Yngen.

The Nomination Committee proposes that Lars Westerberg is appointed chairman of the Board.

### ***Resolution on Nomination Committee (item 12)***

The Nomination Committee proposes that the nomination procedures for the Annual General Meeting 2012 should be carried out as follows:

- The Company shall have a Nomination Committee consisting of one representative of each of the four largest shareholders 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 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 Nomination Committee's tenure is 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.
- If, during the term of office of the Nomination Committee, shareholder having appointed a representative to the Nomination Committee is no longer 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 then among the four largest shareholders with regard to the number of votes held, may appoint its representative. If there are only minor 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.

- The Nomination Committee shall prepare the below proposals to be submitted to the Annual General Meeting 2012 for resolution on: a) Chairman of the Annual General Meeting; b) number of Directors and Directors on the Board; c) Chairman of the Board of Directors; d) Directors' fees and remuneration for committee work; stating the distribution between each member of the Board of Directors; e) Auditors' fees; and f) Nomination Committee for the Annual General Meeting of 2013.
- When the Nomination Committee performs its duties, it shall fulfil the tasks that rest upon the Nomination Committee under the Swedish Code on Corporate Governance including, i.a., 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.

#### ***Principles for remuneration for the Group Management (item 13)***

For the Husqvarna CEO and other members of the Group Management (the "Group Management"), the principles for remuneration approved by the Annual General Meeting 2010 applies. These principles relate to fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. The Board of Directors proposes that the corresponding principles should be approved by the Annual General Meeting 2011 for the period up to and including Annual General Meeting 2012. If special circumstances exist, the Board of Directors shall be able to deviate from these principles.

#### ***Adoption of a long term incentive program (item 14)***

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based long term incentive program, LTI 2011. LTI 2011 is proposed to include a maximum of 50 senior managers within the Husqvarna Group. The program implies that the participants will, at market price, invest in B-shares in Husqvarna, corresponding to a value of a minimum of 5% and a maximum of 10% of their annual target income (fixed salary plus variable salary at a target level). The personal investment will later, in 2014, be matched by the Company through allocation of share awards and performance based stock options in accordance with the following.

For each B-share which the employee purchases within the framework of LTI 2011, the Company will grant one share award and a number of performance based stock options. Each share award entitles the holder to one B-share free of charge, three years after grant, provided that the holder of the share awards is still employed by the Husqvarna Group and has retained the personal investment. Each stock option entitles the holder to purchase one B-share. When exercising the stock options, the purchase price for the shares shall correspond to 110% of the 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. The stock options are non-transferable and may be exercised at the earliest three years and at the latest eight years from the day of grant, provided that the holder is still employed by the Husqvarna Group. The stock options may be granted by Husqvarna or through another company within the Husqvarna Group.

The number of stock options that may be exercised depends on the number of B-shares that the employee has purchased within the framework of LTI 2011 and fulfilment of certain levels of increase of the Company's earnings per share, during 2011–2013, determined by the Board of Directors. These levels are "entry", "target" and "stretch". The levels correspond to the following number 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 may be exercised is limited to 15 options per purchased B-share plus an additional 8,000 options per participant.

LTI 2011 is proposed to comprise a maximum of 4,240,000 B-shares, assuming a price of SEK 50 each for the B-shares purchased as part of the personal investment. In accordance with the above, LTI 2011 will comprise the following number of B-shares for the different categories: the CEO, approximately 305,600 B-shares, other members of Group Management, approximately 993,280 B-shares in total and other participants, approximately 2,941,120 B-shares in total. In addition, LTI 2011 is estimated to comprise no more than 0.79% of the share capital. The Husqvarna Group may incur costs as a consequence of the share awards and the stock options in the form of social charges at the time of exercise, as well as costs relating to the accounting treatment during the vesting period.

The Board of Directors 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 purpose of the total remuneration is to create conditions 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.

#### ***Acquisition and transfer of Husqvarna B-shares (item 15)***

##### ***Authorization to acquire and transfer Husqvarna B-shares (items 15 a and b)***

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to pass a resolution on one or more occasions for the period up until the next Annual General Meeting on purchasing so many B-shares that the Company's holding does not at any time exceed 3% of the total number of shares in the Company. The purchase of shares shall take place on the NASDAQ OMX Stockholm and may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and lowest selling price.

Furthermore, it is proposed that the Meeting authorizes the Board of Directors to pass a resolution on one or more occasions for the period up until the next Annual General Meeting on transferring Husqvarna B-shares on the NASDAQ OMX Stockholm. The transfer of shares may only occur at a price within the share price interval registered at that time.

The purpose of the authorizations is to hedge the Company's undertakings (including social charges) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes.

##### ***Resolution to transfer Husqvarna B-shares in relation to LTI 2011 (item 15 c)***

The Board of Directors proposes that the Annual General Meeting resolves that not more than 4,240,000 B-shares may be transferred to employees in accordance with LTI 2011 as proposed under item 14.

**Authorization to the Board of Directors to resolve on an issue of new shares (item 16)**

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve to issue not more than 57,634,377 B-shares for payment in kind, on one or several occasions during the period until the next Annual General Meeting.

The price for the new shares shall be based on the market price of the Company's shares. The purpose of the authorization is to facilitate acquisitions where the consideration will be paid with Husqvarna shares.

**Resolution to amend the Articles of Association as to the term of office for the Auditors (item 17)**

The Board of Directors proposes that the Annual General Meeting resolves to amend Article 7 of the Articles of Association as follows.

- Proposed wording of added section in Article 7: *The term of office for the Auditors is four years up to and including the Annual General Meeting after the appointment of the Auditor.*

**Other information**

For a valid resolution in accordance with the proposals pursuant to items 14 and 15 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. For a valid resolution in accordance with the proposals pursuant to items 15 a) and b) and 17 above, a shareholder majority of two thirds of the votes and two thirds of the shares represented at the Annual General Meeting is required.

The Board of Directors and the CEO shall, upon request of a shareholder, and the Board deems this can be done without causing major harm to the Company, inform about matters which might affect the assessment of an item on the agenda or about Husqvarna's or its subsidiaries financial situation or about Husqvarna's relation to other Group entities in relation to the Audit Report of the Group.

The Annual Report and the Audit Report as well as the Board of Directors' and the Nomination Committee's complete proposals pursuant to items 8–17 above will be available at the Company, Husqvarna AB, Regeringsgatan 28, SE-111 53 Stockholm, Sweden and on the Company's website, [www.husqvarna.se/agm](http://www.husqvarna.se/agm), and will, on request, be sent to shareholders at the address given, as from April 1, 2011.

Stockholm in March 2011  
Husqvarna AB (publ)  
THE BOARD OF DIRECTORS

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**Factory tour**

Shareholders are hereby invited to a guided tour in the Husqvarna factory in Huskvarna earlier the same day. Shareholders who wish to participate give corresponding notice when notifying the Company of their intention to participate at the Annual General Meeting.