

This is a non-official translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

Minutes of the Annual General Meeting of Shareholders of Husqvarna AB (publ), Reg. No. 556000-5331, on April 4, 2017 at 4 pm in Jönköping, Sweden

Present: In accordance with Appendix 1, stating the number of shares, class of shares and votes for each shareholder entitled to vote.

In addition it was noted that the following individuals were present: the Chair of the Board Tom Johnstone, the Directors of the Board Ulla Litzén, Katarina Martinson, Daniel Nodhäll and Lars Pettersson, President & CEO Kai Wörn, the proposed Board Director Christine Robins, CFO Jan Ytterberg, authorized public accountant Hamish Mabon and General Counsel Brian Belanger.

§ 1

The Chair of the Board, Tom Johnstone, opened the meeting and welcomed the shareholders.

§ 2

In accordance with the proposal from the Nomination Committee, it was resolved to elect Björn Kristiansson as Chair of the meeting.

It was resolved to allow representatives from the media and other guests with no voting rights to attend the meeting and to allow access to video recordings and presentations from the President & CEO's report to the public.

It was noted that the Chair had requested Husqvarna's General Counsel Brian Belanger to act as secretary and to keep the minutes of the meeting.

It was noted that some institutional shareholders beforehand had announced that they abstained from voting or voted against certain proposals.

§ 3

It was resolved to approve Appendix 1 as the voting list for the meeting.

§ 4

It was resolved to approve the agenda handed out today to the participants at the meeting and which was included in the notice to the meeting.

§ 5

Anders Strömblad, representing Andra AP-fonden, and Peter Nygren, representing AFA Försäkringar, were appointed to approve the minutes, together with the Chair.

§ 6

It was noted that the notice to the Annual General Meeting had been published in Post- och Inrikes Tidningar (the Official Gazette) on March 3, 2017, and on the Company's website on March 1, 2017. An announcement to the effect that the notice had been published was made in Svenska Dagbladet and Jönköpingsposten on March 3, 2017.

It was resolved to declare the meeting properly convened.

§ 7

The Annual Report and the Consolidated Accounts including Profit and Loss Statements and Balance Sheets and the Auditors' Report and Consolidated Auditors' Report regarding the financial year 2016 were presented.

The CEO Kai Wörn and the Chair of the Board Tom Johnstone presented the Company's business and the Board of Directors' work during the financial year 2016.

The authorized public accountant Hamish Mabon from the auditing company Ernst & Young AB outlined the audit process and presented the Audit Report for the Company and the Group.

Questions from the shareholders were answered.

§ 8 a

It was resolved to adopt the Profit and Loss Statements and the Balance Sheets as well as the Consolidated Profit and Loss Statements and the Consolidated Balance Sheets for the financial year 2016. The documents are attached hereto as Appendix 2.

§ 8 b

The secretary presented the Board of Directors' and the CEO's proposal for distribution of the Company's earnings as stated in the Annual Report and recommended by the auditors.

It was resolved in accordance with the proposal from the Board of Directors and the CEO to distribute the funds that the Annual General Meeting may distribute as follows:

| | | | |
|---|------|------------|------------------------|
| Net income for 2016 | TSEK | 4,544,267 | |
| Total profit available for allocation | TSEK | 21,694,586 | |
| Dividend to be distributed to the shareholders (SEK 1.95 per share) | TSEK | 1,115,557 | |
| Total | TSEK | 20,579,029 | to be carried forward. |

It was resolved that the dividend shall be paid in two installments, firstly SEK 0.65 per share with Thursday, April 6, 2017 as the first record day and secondly SEK 1.30 per share with Friday, October 6, 2017 as the second record day. It was stated that the estimated dates for payment from Euroclear will be Tuesday, April 11, 2017 and Wednesday, October 11, 2017, respectively.

It was noted that the Board of Directors' statement on the proposed distribution was presented at the meeting.

§ 8 c

It was noted that the auditors had recommended that the Directors and the CEO should be discharged from liability for the administration during 2016.

It was resolved to discharge the Directors and the CEO from liability for the administration of the company for the financial year 2016. It was noted that Directors representing their own and others' shares, as well as the CEO, did not participate in the resolution. It was noted that all shareholders, except a number of shareholders representing 2,723 shares and 272.3 per cent of the votes represented at the meeting, voted for the proposal.

§ 9

Henrik Didner, member of the Nomination Committee, presented the Nomination Committee's proposal concerning election of Directors; Board fees; auditors' fees and presented how the Committee's work has been conducted and motivated the Committee's proposal, [Appendix 3a-b](#).

It was resolved that the Board of Directors should consist of eight Directors without deputies, for the period until the end of the next Annual General Meeting.

§ 10

It was resolved to approve a Board remuneration of SEK 5,605,000 in total, whereof SEK 1,825,000 to the Chair of the Board, and SEK 525,000 to each of the Directors elected by the Annual General Meeting and not employed by the Company. For work within the Remuneration Committee, the Chair shall receive a remuneration of SEK 120,000 and the two members a remuneration of SEK 60,000 each and for work within the Audit Committee, the Chair shall receive a remuneration of SEK 190,000 and the two members shall receive a remuneration of SEK 100,000 each, as set out in [Appendix 3a](#).

It was resolved to approve a separate remuneration to be paid for attending meetings in addition to the basic remuneration and compensation for travel related costs in accordance with the following:

For attendance at a physical Board meeting in Sweden a remuneration per meeting in accordance with the below will be paid:

- a) For a Director with residence within the Nordic countries; no extra meeting remuneration;
- b) For a Director with residence outside the Nordic countries but within Europe; SEK 10,000;
- c) For a Director with residence outside Europe; USD 3,500.

The Nomination Committee declared that it expects the Directors to engage themselves financially in the Company by acquiring Husqvarna shares within a period of five years, corresponding to approximately one year's remuneration, calculated before tax.

The auditors' fees shall be paid on the basis of approved invoices.

§ 11

The Chair presented the proposed Directors' other assignments in other companies by referring to the presentation handed out at the meeting.

It was resolved to re-elect Tom Johnstone, Ulla Litzén, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson and Kai Wörn as Directors of the Board and to elect Christine Robins as a new Director for the period until the end of the next Annual General Meeting. It was resolved to re-elect Tom Johnstone as the Chair of the Board.

Tom Johnstone thanked the Directors David Lumley and Magdalena Gerger, who have stepped down from the Board, for their excellent services in the Board.

§ 12

The Chair referred to the Board of Directors' proposal regarding remuneration principles and other conditions of employment for senior management as presented in the notice to the Annual General Meeting, and which was handed out at the meeting. It was noted that the auditors had issued a statement in accordance with Chapter 8, Section 54 of the Companies Act and that the opinion had been available to shareholders prior to the meeting and was included in the presentation handed out at the meeting. It was also noted that the Board's report on the Remuneration Committee's evaluation of remuneration for senior managers 2016 and the application of the guidelines adopted at the Annual General Meeting 2016 have been available to shareholders prior to the meeting and were included in the presentation handed out at the meeting.

It was resolved, in accordance with the Board of Directors' proposal, to approve the remuneration principles and other conditions of employment for senior management as set forth in [Appendix 4](#).

It was noted that the results and targets of resolved long-term incentive programs are described in the Annual Report after the performance period.

§ 13

The Chair referred to the Board of Directors' proposal regarding the adoption of a long-term incentive program (LTI 2017) as presented in the notice to the Annual General Meeting and which was handed out at the meeting.

Questions from the shareholders were answered.

It was resolved, in accordance with the Board of Directors' proposal, to adopt a long-term incentive program (LTI 2017) as set forth in Appendix 4.

§ 14 a

It was resolved, with requisite majority, to authorize the Board of Directors to pass a resolution, on one or more occasions, for the period up until the next Annual General Meeting, to sell Class B-shares in Husqvarna in accordance with the terms and conditions in the Board of Directors' proposal, Appendix 4. It was noted that all shareholders except a number of shareholders representing 7.0 per cent of the shares and 1.7 per cent of the votes represented at the meeting voted for the proposal.

The purpose of the authorization is to be able to sell repurchased B-shares to hedge costs for social security charges and other costs in relation to resolved incentive programs and to continuously adapt the number of shares held in order to hedge the undertakings within the framework of the Company's incentive programs.

§ 14 b

It was resolved to authorize the Board of Directors to pass a resolution, on one or more occasions, for the period up until the next Annual General Meeting, to direct the Company to enter one or more equity swap agreements with a third party, on terms and conditions in accordance with market practice, to hedge the obligations of the Company under the LTI 2017 and previously resolved incentive programs, in accordance with the Board of Directors' proposal, Appendix 4.

Hans Fredriksson made a reservation against the resolution.

§ 15

It was resolved to authorize the Board of Directors to resolve to issue, on one or more occasions, not more than 57,634,377 B-shares, which represents 10% of the shares in the Company, against payment in kind, during the period until the next Annual General Meeting, in accordance with the Board of Directors' proposal, Appendix 4.

§ 16

As no further items were addressed, the Chair thanked everyone for their attendance and closed the meeting.

As above
/Brian Belanger/
Brian Belanger

Approved:

/Björn Kristiansson/
Björn Kristiansson

/ Anders Strömblad/
Anders Strömblad

/Peter Nygren/
Peter Nygren

Appendix 1

Voting List

Appendix 2 Annual Report

www.husgvarnagroup.com/ir

Appendix 3a

HUSQVARNA AB (publ) Proposals of the Nomination Committee to the 2017 Annual General Meeting (“AGM”) (April 4, 2017)

This document is provided in accordance with Section 4.1 of the Swedish Code of Corporate Governance (the “**Swedish Code**”), and sets forth each proposal made by the Nomination Committee to the 2017 AGM. The rationale behind these proposals, together with an explanation of the Nomination Committee’s work, can be found in a separate document (“**Nomination Committee’s Explanatory Statement**”) that has been published in connection with the Notice of Annual General Meeting.

The below proposals correspond with the numbering set forth in the agenda for the 2017 AGM proposed by the Board of Directors.

Election of Chair of the Meeting (item 2)

The Nomination Committee proposes that Björn Kristiansson be elected Chair of the AGM.

Determination of the number of Directors to be elected (item 9)

The Nomination Committee proposes that the Board of Directors shall be comprised of eight Directors to be elected by the AGM, and no deputies.

Determination of remuneration to the Directors and the Auditors (item 10)

The Nomination Committee proposes that Directors receive the following basic compensation for their Board work (including the indicated additional remuneration for committee work):

| | Proposal | Previous | Percentage Increase |
|-------------------------------|---------------|---------------|---------------------|
| Chair of the Board | SEK 1,825,000 | SEK 1,775,000 | 3% |
| Director | SEK 525,000 | SEK 515,000 | 2% |
| Remuneration Committee Chair | SEK 120,000 | SEK 110,000 | 9% |
| Remuneration Committee Member | SEK 60,000 | SEK 55,000 | 9% |
| Audit Committee Chair | SEK 190,000 | SEK 180,000 | 6% |
| Audit Committee Member | SEK 100,000 | SEK 85,000 | 18% |

In addition to the basic compensation described above and reimbursement for travel expenses, the Nomination Committee proposes that the following compensation be paid to Directors for each physical meeting attended in Sweden:

| Residence of Director | Per Meeting Compensation |
|-----------------------|--------------------------|
| Nordic Countries | None |
| Europe (non-Nordic) | SEK 10,000 |
| Outside of Europe | USD 3,500 |

The Nomination Committee declares that it expects the Directors to engage themselves financially in Husqvarna by acquiring Husqvarna shares within a period of five years, corresponding to approximately one year’s remuneration, calculated before tax.

The Nomination Committee proposes that the Auditors’ fee shall be paid on the basis of approved invoice, in accordance with previous years’ practice.

Election of Directors and Chair of the Board (item 11)

The Nomination Committee proposes re-election of Tom Johnstone, Ulla Litzén, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson and Kai Wörn. In addition, the Nomination Committee proposes the election of Christine Robins as a new Director.

The Nomination Committee proposes that Tom Johnstone be appointed Chair of the Board.

Presentation of all proposed Directors, along with an evaluation of such proposed Directors’ independence is set forth in **Appendix 1**.

The Nomination Committee of Husqvarna AB (publ)
March 2017

Annual General Meeting 2017

Proposal on the Board of Directors by the Nomination Committee



Tom Johnstone, born 1955

Chair of the Board

M.A., University of Glasgow, Scotland, Hon. Doc. in B.A., University of South Carolina, US, Hon. Doc. in Science, Cranfield University, UK. Elected 2006. Chair of the Remuneration Committee.

Other important board engagements: Board Chair of Combient AB and of the British-Swedish Chamber of Commerce. Board member of Investor AB, Volvo Cars and Wärtsilä Corporation.

Previous positions: President & CEO of AB SKF 2003-2014, Executive Vice President of AB SKF 1999–2003. President Automotive Division, AB SKF 1995–2003.

Shareholding in Husqvarna: 990 A-shares, 14,800 B-shares.



Ulla Litzén, born 1956

B. Sc., Stockholm School of Economics, Sweden and MBA, Massachusetts Institute of Technology, US. Elected 2010. Chair of the Audit Committee.

Other important board engagements: Board member of Alfa Laval AB, Boliden AB, AB Electrolux, NCC AB and Ratos AB.

Previous positions: President of W Capital Management AB, 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.

Shareholding in Husqvarna: 10,000 B-shares.



Katarina Martinson, born 1981

M. Sc., Stockholm School of Economics, Sweden. Elected 2012. Member of the Audit Committee.

Portfolio management for the Lundberg Family.

Other important board engagements: Board member of L E Lundbergföretagen AB, Fastighets AB L E Lundberg, Byggnads AB Karlsson & Wingsjö, L E Lundberg Kapitalförvaltning AB, Indutrade AB, Fidelio Capital AB, AniCura AB and Lyko AB.

Previous positions: Analyst at Handelsbanken Capital Markets 2008, Vice President at Strategas Research Partners LLC, New York, US 2006–2008. Investment research at ISI, International Strategy & Investment Group, New York 2005-2006.

Shareholding in Husqvarna: 113,478 A-shares, 378,737 B-shares.



Bertrand Neuschwander, born 1962

Graduate engineer, Institut National Agronomique de Paris-Grignon, France, with an MBA from INSEAD. Elected 2016.

Chief Operating Officer, Groupe SEB, France.

Other important board engagements: Board Chair of SEB Alliance (Groupe SEB Corporate Venture). Board member of OBH Nordica AB, Serge Ferrari Group SA and Zhejiang Supor Co., Ltd.

Previous positions: Senior Executive Vice President for Business Units Brands, Innovation & Strategy, Groupe SEB 2012-2014, Senior Executive Vice President for Business Units Brands & Innovation, Groupe SEB 2010-2012, CEO, Devanlay/Lacoste 2004-2009, Chair and Chief Executive Officer, Aubert Group 2001-2004.

Shareholding in Husqvarna: 0



Daniel Nodhäll, born 1978

M. Sc., Stockholm School of Economics, Sweden. Elected 2013. Member of the Audit Committee.

Managing Director, Head of Listed Core Investments at Investor AB.

Previous positions: Analyst focused on the engineering sector at Investor AB since 2002.

Shareholding in Husqvarna: 10,000 B-shares.



Lars Pettersson, born 1954

M. Sc. in Applied Physics, Material Sciences, Uppsala University, Sweden. Elected 2014. Member of the Remuneration Committee.

Other important board engagements: Board Chair of KP-Komponenter A/S. Board member of Festo AG, AB Industrivärden, Indutrade AB and L E Lundbergföretagen AB.

Previous positions: President & CEO of AB Sandvik 2002-2011 and various positions within AB Sandvik 1978-2002.

Shareholding in Husqvarna: 5,000 B-shares.



Christine Robins, born 1966

BBA in Marketing and Finance, University of Wisconsin, Madison, US and MBA at Marquette University, Milwaukee, WI, US.

President & CEO of Char-Broil LLC, Columbus, GA, US.

Previous positions: President & CEO of BodyMedia, Pittsburgh, PA, US 2009-2014. President & CEO of Philips Oral Healthcare, Seattle, WA, US 2005-2009. Marketing and Finance positions within S.C. Johnson company 1988-2005.

Shareholding in Husqvarna: 0



Kai Wärn, born 1959

M. Sc. in Mechanical Engineering, the Royal Institute of Technology, Stockholm, Sweden, and has been a member of the Board since 2014.

President & CEO of Husqvarna AB.

Previous positions: Operations partner at IK Investment Partners Norden AB 2011-2013. President & CEO of Seco Tools AB 2004-2010. Various positions within ABB 1985-2004.

Shareholding in Husqvarna: 115,888 B-shares (own), 100,000 B-shares (Legal person).

Requirements for independence

According to the Swedish Code, a majority of the directors of the Board elected at the General Meeting should be independent in relation to the Company and the Company's management, and at least two of those Directors who are independent in relation to the Company and the Company's management should also be independent in relation to the Company's major shareholders.

The Nomination Committee is of the opinion that the proposed Board of Directors fulfils the requirements of the Swedish Code.

| Name | | Nationality | Independence in relation to the company and management | Independence in relation to major shareholders |
|-----------------------|--|-------------|--|--|
| Tom Johnstone | Chair of the Board and Chair of the Remuneration Committee | UK | Yes | No |
| Ulla Litzén | Chair of the Audit Committee | SE | Yes | Yes |
| Katarina Martinson | Member of the Audit Committee | SE | Yes | No |
| Bertrand Neuschwander | | FR | Yes | Yes |
| Daniel Nodhäll | Member of the Audit Committee | SE | Yes | No |
| Lars Pettersson | Member of the Remuneration Committee | SE | Yes | No |
| Christine Robins | | US | Yes | Yes |
| Kai Wörn | | SE | No | Yes |

Appendix 3b

HUSQVARNA AB (publ)

Explanatory Statement of the Nomination Committee to the 2017 Annual General Meeting (“AGM”) (April 4, 2017)

*This document is provided in accordance with Section 2.6 of the Swedish Code of Corporate Governance (the “**Swedish Code**”), and explains how the Nomination Committee has conducted its work and the reasoning behind certain of the Nomination Committee’s proposals to the AGM. The full list of such proposals is contained in a separate document (the “**Nomination Committee Proposals**”) that has been published in connection with the Notice of Annual General Meeting.*

A. Establishment and Work of the Nomination Committee

According to the process first established at its 2013 AGM, Husqvarna has a five-member Nomination Committee that is established each year, and which consists of (A) one representative from each of the four largest shareholders in terms of voting rights, and (B) the Company’s Chair of the Board. The Nomination Committee for the 2017 AGM was formed in September 2016, and consists of the following persons (with nominating shareholder shown in parenthesis):

- Petra Hedengran (Investor AB), Chair of the Nomination Committee
- Claes Boustedt (L E Lundbergföretagen AB)
- Ricard Wennerklint (If Skadeförsäkring AB)
- Henrik Didner (Didner & Gerge Fonder AB)
- Tom Johnstone, Chair of the Husqvarna Board

The Nomination Committee has held three formal meetings and has had ongoing communication in between such meetings. The main work of the Nomination Committee has been to assess, and make proposals with respect to, the composition of the Board. To assist the Nomination Committee in its work, the Chair of the Board has presented to the Committee (A) an evaluation of the current Board and its work, and (B) a report on the Company’s operations, objectives and strategies. The Nomination Committee has also been active in the interview process described in Item B, below, and in evaluating benchmarking information on Board compensation.

B. Explanation of Proposals regarding the Board of Directors

Actual Proposals

The Nomination Committee has proposed that the following eight persons be elected as Directors by the 2017 AGM:

1. **Tom Johnstone**
2. **Ulla Litzén**
3. **Katarina Martinson**
4. **Bertrand Neuschwander**
5. **Daniel Nodhäll**
6. **Lars Pettersson**
7. **Kai Wörn**
8. **Christine Robins**

Of the eight proposed Directors, seven are currently serving as Board Members with only Christine Robins being new. Two other current Directors (David Lumley and Magdalena Gerger) have separately declined re-election. Further information about all individuals

proposed for election can be found in the separate “Nomination Committee Proposals” document.

The Nomination Committee has proposed that **Tom Johnstone** be re-elected as Chair of the Board of Directors.

Diversity & Breadth of Competence

The Nomination Committee's view, consistent with the Swedish Code, is that the composition of the Board should exhibit diversity and breadth, and that the Directors elected by the AGM should reflect those skills, experiences, and backgrounds needed for the Company's operations, growth, and other conditions. The Nomination Committee has applied Section 4.1 of the Swedish Code as its diversity policy.

In carrying out its work, the Nomination Committee paid particular attention to the following factors:

- The extent to which the current Board of Directors meets the requirements that are placed on the Board in light of the Company's situation, strategic development and future direction.
- The fact that two of the current Directors (David Lumley and Magdalena Gerger) have declined re-election, and the impact this will have on the Board's overall composition.
- The goal of having a diverse, gender-balanced Board.

The Nomination Committee believes that those current Directors who have not declined re-election are very well suited for carrying out Husqvarna's Board work over the coming term of office. However, especially in light of David Lumley's decision to decline re-election, the Nomination Committee believed it would be beneficial to add one additional Board member having U.S. retail experience. Accordingly, a search for such a candidate was initiated and resulted in the identification and selection of Christine Robins as the preferred candidate. Ms. Robins is currently the CEO of Char-Broil LCC (a leading manufacturer of outdoor grills and related products) and has significant experience in the U.S. mass retail landscape.

The Nomination Committee considers that the eight proposed Directors, together, have an appropriate composition to meet the Company's needs with respect to its operations and its competitive situation over the coming term.

Independence Requirements

Under the Swedish Code, a majority of the Directors to be elected by shareholders must be independent from the company and its executive management (herein, “**Company Independent**”). Furthermore, at least two of those Directors deemed Company Independent must also be independent in relation to the Company's major shareholders (herein “**Shareholder Independent**”). The Nomination Committee has assessed each proposed Director and concluded that the Swedish Code's independence requirements are satisfied, as shown in the below chart:

| Proposed Director | Company Independent | Shareholder Independent |
|--------------------------|----------------------------|--------------------------------|
| Kai Wörn | NO | YES |
| Tom Johnstone | YES | NO |
| Katarina Martinson | YES | NO |
| Daniel Nodhäll | YES | NO |
| Lars Pettersson | YES | NO |
| Ulla Litzén | YES | YES |
| Bertrand Neuschwander | YES | YES |
| Christine Robins | YES | YES |

C. No Changes to “Criteria and Duties of the Nomination Committee”

The Nomination Committee has also reviewed the Criteria and Duties of the Nomination Committee, as last revised in 2013, and determined that no changes are needed at this time.

D. No Statement re Election of Auditor

The 2014 AGM resolved to appoint Ernst & Young as auditor for the period from the 2014 AGM up until the end of the 2018 AGM. Accordingly, the Nomination Committee has no proposal in such regard for the 2017 AGM.

The Nomination Committee, March 2017

Appendix 4

Proposals by the Board of Directors to be presented at the Annual General Meeting ("AGM") of shareholders of Husqvarna AB (publ) on Tuesday, April 4, 2017

The below proposals correspond with the numbering set forth in the agenda proposed by the Board of Directors, as set forth in the separate Notice of Annual General Meeting.

Proposed distribution of earnings (item 8 b)

The Board of Directors proposes a dividend for financial year 2016 of SEK 1.95 per share, to be paid in two installments, firstly SEK 0.65 per share with Thursday, April 6, 2017 as the first record day, secondly SEK 1.30 per share with Friday, October 6, 2017 as the second record day. Assuming the AGM resolves in accordance with the Board of Directors' proposal, the estimated (i) last day for trading in Husqvarna shares with right to the applicable part of the dividend payment (ii) record day, and (iii) estimated date for payment from Euroclear Sweden AB for each of the installments are as follows:

| | First Installment (SEK 0.65 per share) | Second Installment (SEK 1.30 per share) |
|------------------------|---|--|
| Last day for trading | April 4, 2017 (Tuesday) | October 4, 2017 (Wednesday) |
| Record Day | April 6, 2017 (Thursday) | October 6, 2017 (Friday) |
| Estimated Payment Date | April 11, 2017 (Tuesday) | October 11, 2017 (Wednesday) |

Resolution on principles for remuneration for Group Management (item 12)

For the President & CEO (hereinafter "CEO") and other members of Group Management, the principles for remuneration as set out below and approved by the 2016 AGM currently apply. The Board of Directors proposes that the corresponding principles should be approved by the 2017 AGM for the period up to and including the 2018 AGM.

The principles set forth in this item shall apply to remuneration and other employment conditions of Group Management. The principles shall apply to contracts of employment entered into after the 2017 AGM and also to amendments made thereafter to contracts of employment which are in force. Remuneration to Group Management is determined by the Board of Directors based on proposals from the Remuneration Committee.

Principles

In general, remuneration to members of Group Management shall be based on the position held, individual performance and Group performance, and shall be on a competitive basis in the country of employment. The overall remuneration package for Group Management is comprised of 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".

Fixed salary

Fixed salary shall constitute 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 (normally through an annual evaluation of salaries) in order to ensure continued competitiveness and in order to correctly reward performance.

Variable salary (Short-term Incentive, "STI")

Members of Group Management shall be entitled to STI in addition to the fixed salary. The STI shall be based on the financial result for the Group and/or for the business unit for which the member of Group Management is responsible. In addition, performance indicators can be used in order to focus on matters 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 of

Directors. STI shall be dependent on the position and may amount to a maximum of 50% of the fixed salary on attainment of the "target" level and a maximum of 100% of the fixed salary on attainment of "stretch" level, which also is the maximum STI. In the US, the STI component is normally higher and may amount to a maximum of 100% on attainment of the "target" level and a maximum of 150% of the fixed salary on attainment of the "stretch" level. The Board of Directors decides whether the maximum levels, 50/100/150%, 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 share price based) should be proposed to the AGM.

Pensions and insurance

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment and the value of the benefits shall match normally accepted levels in the country. If possible, pension plans shall be defined contribution plans in accordance with the Pension and other Benefits 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.

Authority for the Board to deviate from the principles

Under special circumstances, the Board of Directors may deviate from these principles. In case of such deviation, the next AGM shall be informed of the reasons.

The main conditions for remuneration to Group Management in the current employment agreements are stated in note 4 in the Annual Report for 2016.

Estimated remuneration to the CEO and other members of Group Management for the business year 2017

The total remuneration to members of Group Management for 2017 is estimated to amount to between MSEK 62 and 129 depending on the degree to which the targets (entry-target-stretch) of the variable remuneration (variable salary and long term incentive cost) will be reached. The variable remuneration is thus estimated to amount to maximum MSEK 67.

Previously decided remuneration which has not become payable

Bonuses which have not become payable amount to a maximum of MSEK 8.0.

Resolution regarding the adoption of a long term incentive program (LTI 2017) (item 13)

Summary of the program

The Board of Directors proposes that the 2017 AGM resolves to adopt a performance based long term incentive program ("**LTI 2017**"). The program is proposed to be offered to a maximum of 80 senior managers within the Husqvarna Group. LTI 2017 offers participants the opportunity to receive two types of share awards: (1) "matching share awards" and (2) "performance share awards". Subject to the fulfilment of certain performance targets and conditions during a three year vesting period, matching share awards and performance share awards, to be granted in 2017, will vest and give right to B-shares in Husqvarna in accordance with the following.

The personal investment and matching share awards

In order to participate in the program, members of Group Management must buy B-shares in Husqvarna to a value corresponding to 10%, 15% applies for the CEO, of his/her annual fixed salary in 2017. For other participants this personal investment in shares is optional but must be minimum 5% and maximum 10% of his/her annual fixed salary in 2017 if he/she wants to participate in this part of the program (matching share awards).

One matching share award will be granted for each Husqvarna B-share purchased within the framework of LTI 2017.

Those participants in LTI 2017 who are located outside of Sweden and whose salary is paid in a currency other than the Swedish krona will be covered by a certain "currency adjustment" to their personal investment in shares. This means that if the value of the Swedish krona (relative to such other currency) increases or decreases by more than 10% during the 3 year vesting period (i.e., the exchange rate at the date of grant of share awards compared with the exchange rate on the date the program is fully vested), then the number of matching shares to which such participant is entitled will be decreased or increased, respectively, to account for such relative change. This currency adjustment provision is expected to have a marginal effect on the total cost of the LTI 2017.

Performance share awards

In addition to the matching share awards (if applicable), each participant of the LTI 2017 will be granted a number of performance share awards based on such participant's annual target income in 2017 (fixed salary plus variable salary at a target level). Annual target income is used, rather than just fixed salary, to make the program more competitive in the US and to achieve a more differentiated remuneration structure.

The number of performance share awards that vest and give rights to receive B-shares further depend on the fulfilment of the Company's long term financial objectives specified as certain levels of increase of the Company's operating margin (weight 40%), net sales (weight 30%) and decrease of operating working capital in relation to net sales (weight 30%), as determined by the Board of Directors. These levels are "Entry", "Target" and "Stretch". Entry constitutes a minimum level which must be exceeded in order for the performance share awards to vest and give right to B-shares. The levels correspond to the following number of B-shares, with a linear progression between each level:

- Entry: Nil
- Target: 25% of annual target income / the share price¹
- Stretch: 50% of annual target income / the share price¹

Regarding the CEO, such levels are increased to 30% of annual target income at Target, and 60% for Stretch.

If the price for the B-shares would increase more than 100% during the three year vesting period, the number of performance share awards that vest and give right to B-shares will be reduced, whereby the maximum value to be received by each participant under LTI 2017 will be limited to the value of the maximum allocation at Stretch level at a share price increase of 100% during the vesting period. This limitation enables control and predictability over the maximum scope and cost of the program.

Additional terms and conditions of the share awards (both matching and performance share awards):

- Shares are allotted free of charge
- Are vested three years after grant (vesting period)
- Vesting of share awards and allotment of B-shares in Husqvarna requires that the participant is, with certain exceptions, still employed by the Husqvarna Group and has maintained the personal investment for three years
- Carry no right to compensation for dividends on underlying shares
- Are non-transferable

¹ Corresponding to the average closing price of Husqvarna's B-share at Nasdaq Stockholm during February 2017.

Design and administration

The Board of Directors, or a committee established by the Board, shall be responsible for the detailed design and administration of the incentive program, in accordance with the presented terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet domestic or foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Husqvarna Group, or its environment, would result in the resolved terms and conditions for LTI 2017 no longer being appropriate to apply.

Allotment

In accordance with the above principles and assumptions, LTI 2017 will comprise the following number of B-shares for the different categories of participants: the CEO, approximately 143,000 B-shares, other members of Group Management, each approximately an average of 34,000 B-shares, corresponding to a total of approximately 408,000 B-shares, and other participants, each approximately an average of 16,100 B-shares, corresponding to a total of approximately 1,078,700 B-shares. The above stated numbers are calculated assuming all participants participate with maximum personal investment and the attainment of performance level Stretch as described above.

Scope and costs of the program

LTI 2017 is estimated to comprise a maximum of 1,700,000 B-shares, which corresponds to less than 0.3% of the total number of outstanding shares. The Company has approximately 576 million shares outstanding. The issued and outstanding options and rights to shares in accordance with the Company's previous incentive programs (LTI 2009, LTI 2014, LTI 2015 and LTI 2016) correspond to approximately 1.1% of the total number of outstanding shares. The Company's incentive programs' effect on important key figures is only marginal. For a description of the Company's other share related incentive programs, reference is made to the Annual Report for 2016, note 4, and the Company's website, www.husqvarnagroup.com.

LTI 2017 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that the share awards should be expensed as personnel costs over the vesting period and will be reported directly against equity. Estimated social security charges will be recorded as a personnel expense in the income statement by current reservations. The cost for the program is estimated to amount to MSEK 80 before tax, if the performance level Target is reached, and is allocated over the years 2017-2020. The corresponding cost at performance level Stretch is estimated to MSEK 142. Financing costs and 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 70 at the time of grant of the share awards, that each participant participates with a maximum personal investment, that the annual share price increase for the Company's B-shares is 5%, that social security charges amount to 25% and that the annual employee turnover is 5% among the participants of LTI 2017.

In order to limit the costs, including social security charges, for LTI 2017, the Board of Directors will adopt hedging measures, such as equity swap agreements with third parties which would then buy Husqvarna B-shares to be transferred to the participants of the program provided that the AGM resolves in accordance with Item 14 on the agenda. The hedging options are described below under Item 14 of the agenda. The intention is to not issue new shares as a result of the program.

The rationale for the proposal

The purpose of LTI 2017 is to influence and award long term performance, align shareholders' and managements' interest, attract and retain key employees and provide variable remuneration instead of fixed salary. In light of the above, the Board of Directors believes that adopting the incentive program LTI 2017 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

LTI 2017 is based on similar terms and conditions as the incentive program granted in 2016 (LTI 2016) and has in accordance with guidelines set out by the Remuneration Committee been prepared by Group Management in consultation with external advisors. The incentive program has been reviewed at meetings of the Board of Directors in 2016 and 2017.

Sale and equity swaps of Husqvarna B-shares (item 14)

a) Resolution on authorization to sell Husqvarna B-shares

The Board of Directors proposes that the 2017 AGM authorizes the Board of Directors to pass a resolution, on one or more occasions, for the period up until the next AGM, on selling B-shares in Husqvarna on Nasdaq Stockholm. The number of B-shares to be sold may not exceed the number of B-shares that the Company holds at the point in time of the Board's resolution. Sale of B-shares may only be in consideration of cash payment at a price within the share price interval registered at that time.

The purpose of the authorization is to be able to sell repurchased B-shares to hedge costs for social security charges and other costs in relation to resolved incentive programs and to continuously adapt the number of B-shares held in order to hedge the undertakings within the framework of the Company's incentive programs.

b) Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2017

The Board of Directors proposes that the 2017 AGM authorizes the Board of Directors to pass a resolution, on one or more occasions, for the period up until the next AGM, to direct the Company to enter one or more equity swap agreements with a third party (e.g. a bank), on terms and conditions in accordance with market practice, to hedge the obligations of the Company under the LTI 2017 and any previously resolved incentive programs (the "Covered Programs"). Under such equity swap arrangements, in exchange for certain fees paid by the Company, the third party would be obligated to acquire (in its own name) such number of Husqvarna B-shares as are necessary to cover the Company's obligations under the Covered Programs and then, upon the instructions of the Company, to transfer such shares to the participants per the terms of the Covered Programs.

Resolution on authorization to resolve on issue of new shares (item 15)

The Board of Directors proposes that the 2017 AGM authorizes the Board to resolve to issue not more than 57,634,377 B-shares, which represents 10% of the total number of shares in the Company, against payment in kind, on one or several occasions, during the period until the next AGM.

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

Majority Requirements

For a valid resolution in accordance with the proposal pursuant to item 14 a) above, a shareholder majority of two thirds of the votes cast and two thirds of the shares represented at the AGM is required. For all other agenda items above (except elections), a shareholder majority of half of the votes cast at the AGM is required.

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

The Board of Directors' statement in accordance with Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act (2005:551)

Background

The Board of Directors hereby presents the following statement in accordance with Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act.

The reasons for the Board of Directors view that the proposed dividend is compliant with the provisions of Chapter 17 Section 3 Paragraphs 2 and 3 of the Swedish Companies Act are the following.

The assets and liabilities have been valued at actual value pursuant to Chapter 4 Section 14a of the Annual Reports Act (1995:1554). If the valuation had not been made at actual value, the equity would have been SEK 28,083t 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 business operations. As regards material events, reference is made to the Report by the Board of Directors in the Annual Report for 2016. The Company's and the Group's dependence on business cycles does not deviate from what is otherwise common 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 2016 is described in the most recent Annual Report. The Annual Report also states the accounting principles that have been applied for valuation of assets, reserves and liabilities.

From the Board of Directors' dividend proposal, it follows that the Board of Directors proposes a dividend of SEK 1.95 per share, to be paid in two installments, firstly SEK 0.65 per share with Thursday, April 6, 2017 as the first record day, secondly SEK 1.30 per share with Friday, October 6, 2017 as the second record day. The total proposed dividend represents 4.8% of the Company's equity and 7.8% of the Group's equity.

The Annual Report shows that the Parent Company's equity/assets ratio amounts to 58.8% and the Group's equity/assets ratio is 44%. The Company's and the Group's equity/assets ratio does not differ from what is common within the industry. The proposed dividend does not jeopardize the investments which are deemed necessary for the business.

The proposed dividend does not affect the Company's and the Group's ability to fulfil 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 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 will be able to continue its business and that the Company and the Group can be expected to fulfil its obligations on both a short and long-term basis.

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 tied to the Company's business when taking into account the proposed dividend.

Conclusion

With reference to the above, and to what otherwise has been brought to the attention of the Board of Directors, the Board of Directors is of the opinion that the dividend is justifiable in light of the provisions of Chapter 17 Section 3 Paragraph 2 and 3 of the Swedish Companies Act.

Stockholm in March 2017
Husqvarna AB (publ)
The Board of Directors