

Press release

Stockholm March 7, 2018

Notice of Annual General Meeting of Husqvarna AB (publ)

The shareholders of Husqvarna AB (publ) are hereby invited to attend the 2018 Annual General Meeting (“AGM”), which will be held at 4:00 p.m. on Tuesday, April 10, 2018 at the Elmia Congress Centre, Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden.

Registration and notification

Shareholders who intend to attend the AGM must

- be registered in the register of shareholders maintained by Euroclear Sweden AB as of Wednesday, April 4, 2018, and
- notify the Company of their intention to attend no later than Wednesday, April 4, 2018, by mail to Husqvarna AB, c/o Euroclear Sweden AB, PO Box 191, SE-101 23 Stockholm, Sweden, by telephone at +46 36 14 70 10 between 9:00 a.m. and 4:00 p.m. (CET) weekdays or via the Company’s website, www.husqvarnagroup.com/agm.

The notification must include the shareholder’s name, personal or company registration number, address, telephone number and information on the number of assistants (maximum two) that will be attending, if any. The data received will be computerized and used solely for the purpose of the 2018 AGM. For shareholders wishing to participate through an authorized representative, the Company will provide power of attorney templates on the Company’s website. Shareholders participating through an authorized representative should submit the power of attorney to the above address prior to the date of the AGM.

Shareholders whose shares are registered in the names of banks or other nominees must temporarily register the shares in their own name in order to be entitled to attend the AGM. To ensure that such registration is in place as of Wednesday, April 4, 2018, 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 112,439,600 A-shares and 463,904,178 B-shares, corresponding to 158,830,017.8 votes in total. The Company holds no A-shares or B-shares as of the date of this notice.

Agenda

1. Opening of the AGM
2. Election of Chair of the Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two minute-checkers
6. Determination as to whether the Meeting has been duly 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 conjunction therewith, the President & CEO’s (hereinafter, the “CEO”) report on the business operations
8. Resolutions concerning

- 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) proposed distribution of earnings (allocation of the Company's profit or loss pursuant to the adopted Balance Sheet);
 - c) discharge from liability of the Directors and the CEO.
9. Determination of the number of Directors to be elected
 10. Determination of remuneration to the Directors
 11. Election of Directors and Chair of the Board
 - a) Individual election of Directors;
 - b) Election of Chair of the Board.
 12. Election of, and remuneration to, external Auditors
 13. Resolution to Amend the Articles of Association regarding the term of office for External Auditors
 14. Resolution on principles for remuneration for Group Management
 15. Resolution regarding the adoption of a long term incentive program (LTI 2018)
 16. Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2018 and any previously resolved LTI programs
 17. Resolution on authorization to resolve on the issuance of new shares
 18. Closing of the Meeting

Proposals

Election of Chair of the Meeting (item 2)

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

Proposed distribution of earnings (item 8 b)

The Board of Directors proposes a dividend for financial year 2017 of SEK 2.25 per share, to be paid in two installments, firstly SEK 0.75 per share with Thursday, April 12, 2018 as the first record day, and secondly SEK 1.50 per share with Friday, October 12, 2018 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) applicable record day, and (iii) date for payment from Euroclear Sweden AB for each of the installments are as follows:

	First Installment (SEK 0.75 per share)	Second Installment (SEK 1.50 per share)
Last day for trading	April 10, 2018 (Tuesday)	October 10, 2018 (Wednesday)
Record Day	April 12, 2018 (Thursday)	October 12, 2018 (Friday)
Payment Date	April 17, 2018 (Tuesday)	October 17, 2018 (Wednesday)

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 (item 10)

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

	Proposal 2018	2017	Percentage Increase
Chair of the Board	SEK 1, 900,000	SEK 1, 825,000	4%
Director	SEK 545,000	SEK 525,000	4%
Remuneration Committee Chair	SEK 120,000	SEK 120,000	0%
Remuneration Committee Member	SEK 60,000	SEK 60,000	0%
Audit Committee Chair	SEK 200,000	SEK 190,000	5%
Audit Committee Member	SEK 105,000	SEK 100,000	5%

In addition to the 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 (no change from prior year):

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 its expectation that each elected Director 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.

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

a) Individual election of Directors

The Nomination Committee proposes re-election of

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

The proposed Directors are presented in more detail on the Company's website.

b) Election of Chair of the Board

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

Election of, and remuneration to, external Auditors (item 12)

The Nomination Committee proposes the election of Ernst & Young as external Auditor for the following period:

- (A) from the 2018 AGM up until the end of the 2019 AGM, provided, that the 2018 AGM resolves to approve the proposed amendment to the Company's Articles of Association (item 13), or otherwise
- (B) if the 2018 AGM does not resolve to approve the proposed amendment to the Company's Articles of Association, from the 2018 AGM up until the end of the 2022 AGM.

Ernst & Young AB has informed that, provided that the AGM adopts the Nomination Committee's proposal regarding election of Auditors (item 12), the registered auditor-in-charge will be authorized public accountant Hamish Mabon.

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

Resolution to Amend the Articles of Association regarding the term of office for External Auditors (item 13)

The Board of Directors proposes that the Company's Articles of Association be amended by deleting current Article 7 in its entirety and replacing it with the following new Article 7:

Article 7

One or two registered public accounting firms or two auditors with two deputy auditors shall be elected at the shareholders' meeting.

The appointment as auditor shall apply until the close of the Annual General Meeting that is held during the first, second, third or fourth financial year after the election of the auditor.

Resolution on principles for remuneration for Group Management (item 14)

The Board of Directors proposes that remuneration to Group Management shall be comprised of fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pensions and other benefits. For the CEO and other members of Group Management, the principles for remuneration as approved by the 2017 AGM apply. The Board of Directors proposes that the corresponding principles should be approved by the 2018 AGM for the period up to and including the 2019 AGM. New for this year is an expectation that each member of Group Management builds up a personal holding of Husqvarna B-shares, during his/her first five years in such position, representing a value of one gross annual fixed salary as applicable for any given year.

The proposed remuneration principals are more fully described in the separate "Proposals by the Board of Directors to be presented at the AGM of Shareholders of Husqvarna AB (publ) on Tuesday, April 10, 2018", which will be published on the Company's website no later than three weeks prior to the AGM.

The total remuneration to members of Group Management for 2018 is estimated to amount to between SEK 82m and SEK 152m depending on the degree to which the targets (entry-target-stretch) of the variable remuneration will be reached.

Resolution regarding the adoption of a long term incentive program (LTI 2018) (item 15)

Summary of the program

The Board of Directors proposes that the 2018 AGM resolves to adopt a performance based long term incentive program ("**LTI 2018**"). LTI 2018 is based on similar principles as the incentive program granted in 2017 (LTI 2017), but with a removal of the personal investment and the matching share awards.

LTI 2018 is proposed to be offered to a maximum of 100 senior managers within the Husqvarna Group. LTI 2018 offers participants the opportunity to receive "performance share awards". Subject to the fulfilment of certain performance targets and conditions during a three year vesting period, performance share awards to be granted in 2018 will vest and give right to B-shares in Husqvarna in accordance with the following.

Each participant in LTI 2018 will be granted a number of performance share awards based on such participant's annual target income in 2018 (fixed salary plus variable salary at a target level). Annual target income is used, rather than just fixed salary, to make LTI 2018 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 depends 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: 10% of annual target income / the share price¹
- Target: 33% of annual target income / the share price¹
- Stretch: 66% of annual target income / the share price¹

Regarding the CEO, such levels are increased to 40% of annual target income at Target, and 80% for Stretch.

Additional terms & conditions

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

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

Scope and costs of LTI 2018

LTI 2018 is estimated to comprise a maximum of 2.0 million B-shares, which corresponds to less than 0.4% of the total number of outstanding shares. The Company has approximately 576 million shares outstanding. The issued and outstanding rights to shares in accordance with the Company's previous outstanding incentive programs (LTI 2015, LTI 2016 and LTI 2017) correspond to approximately 0.8% of the total number of outstanding shares. The Company's incentive programs' effect on important key figures is only marginal. Information on LTI 2015, LTI 2016 and LTI 2017 can be found in the Annual Report for 2017, note 4, and on the Company's website, www.husqvarnagroup.com.

LTI 2018 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that the performance 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 LTI 2018 is estimated to amount to SEK 80m before tax, if the performance level Target is reached, and is allocated over the years 2018-2021. The corresponding cost at performance level Stretch is estimated to SEK 160m. 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 82 at the time of grant of the performance share awards, 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 2018.

In order to ensure delivery of Husqvarna B-shares under LTI 2018 and to limit the costs, including social security charges, for LTI 2018, the Board of Directors will adopt hedging measures, such as equity swap agreements with third parties, under which the third party would in its own name buy and transfer Husqvarna B-shares to the participants in LTI 2018 provided that the AGM resolves in accordance with Item 15 on the agenda. The hedging options are described below under Item 16 of the agenda. The intention is to not issue new shares as a result of LTI 2018.

The rationale for the proposal

The purpose of LTI 2018 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 LTI 2018 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 2018 is based on similar principles as LTI 2017, but with a removal of the personal investment

¹ Corresponding to the average closing price of Husqvarna's B-share at Nasdaq Stockholm during February 2018.

and matching share awards. LTI 2018 has in accordance with guidelines set out by the Remuneration Committee been prepared by Group Management in consultation with external advisors, taking into consideration evaluations made of previous incentive programs. LTI 2018 has been reviewed at meetings of the Board of Directors in 2017 and 2018.

Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2018 and any previously resolved programs (item 16)

The Board of Directors proposes that the 2018 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 LTI 2018 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 acquires (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, transfer (in its own name) such shares to the participants per the terms of the Covered Programs.

Resolution on authorization to resolve on the issuance of new shares (item 17)

The Board of Directors proposes that the 2018 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.

Other information

For a valid resolution in accordance with the proposal pursuant to item 13 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, a shareholder majority of half of the votes cast at the AGM is required.

The Board of Directors and the CEO shall, upon request of a shareholder, and provided that 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 circumstances affecting Husqvarna’s or its subsidiaries’ financial situation or about Husqvarna’s relation to another Group entity, or in relation to the consolidated Annual Report.

The Annual Report and the Audit Report as well as the Board of Directors’ and the Nomination Committee’s complete proposals, as well as the Board of Director’s explanatory statement pursuant to the Swedish Companies Act will be available at the Company, Husqvarna AB, Regeringsgatan 28, SE-111 53 Stockholm, Sweden and on the Company’s website, www.husqvarnagroup.com/agm, and will, on request, be sent to shareholders at the address provided, as from March 20, 2018, at the latest.

Stockholm in March 2018
Husqvarna AB (publ)
THE BOARD OF DIRECTORS

Guided tour of Husqvarna Museum

We are offering a guided tour of Husqvarna Museum in Huskvarna in close conjunction with the AGM. Shareholders who wish to participate shall give a corresponding notice when notifying the Company of their intention to participate at the AGM. The number of participants may be limited.

Husqvarna Group

Husqvarna Group is a world-leading producer of outdoor power products for garden, park and forest care. Products include chainsaws, trimmers, robotic lawn mowers and ride-on lawn mowers. The Group is also the European leader in garden watering products and a world leader in cutting equipment and diamond tools for the construction and stone industries. The Group's products and solutions are sold under brands including Husqvarna, Gardena, McCulloch, Poulan Pro, Weed Eater, Flymo, Zenoah and Diamant Boart via dealers and retailers to consumers and professionals in more than 100 countries. Net sales in 2017 amounted to SEK 39 billion and the Group has approximately 13,000 employees in 40 countries.