

Proposals by the Board of Directors to be presented at the Annual General Meeting of shareholders of Husqvarna AB (publ) on Tuesday, April 21, 2015

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

Proposed distribution of earnings (item 8 b)

The Board of Directors proposes a dividend for the financial year 2014 of SEK 1.65 per share, to be paid in two installments, firstly SEK 0.55 per share with Thursday, April 23, 2015 as the first record day, secondly SEK 1.10 per share with Friday, October 23, 2015 as the second record day. If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, the estimated dates for payment from Euroclear Sweden AB are Tuesday, April 28, 2015 and Wednesday, October 28, 2015. The last day for trading in Husqvarna shares with right to the first part of the dividend is Tuesday, April 21, 2015 and with right to the second part of the dividend is Wednesday, October 21, 2015.

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

For the President and CEO and other members of Group Management, the principles for remuneration as set out below and approved by the Annual General Meeting 2014 apply. The Board of Directors proposes that the corresponding principles should be approved by the Annual General Meeting 2015 for the period up to and including the Annual General Meeting 2016.

These 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 Annual General Meeting 2015 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

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

Husqvarna shall aim to offer a competitive total remuneration level with a primary focus on "pay for performance".

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 USA, 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 Annual General Meeting.

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.

Previously determined remuneration which has not become payable

The main conditions for remuneration to Group Management in the current employment agreements are stated in note 4 in the Annual Report for 2014.

Authority for the Board to deviate from the principles

Under special circumstances, the Board of Directors may deviate from these guidelines. In case of such deviation, the next Annual General Meeting shall be informed of the reasons.

Estimated remuneration to the President and CEO and other members of Group Management for the business year 2015

Remuneration to the President and CEO and other members of Group Management comprise fixed salary, variable salary in the form of short term incentive (STI) based on annual targets, long term incentive (LTI) and benefits such as pension etc.

The total remuneration to members of Group Management for 2015 is estimated to amount to between MSEK 58 and 100 depending on the degree to which the targets (entry-target-stretch) of the variable remuneration will be reached. The variable remuneration is thus estimated to amount to maximum MSEK 42.

Previously decided remuneration which has not become payable

Severance pay which has not become payable amounts to a maximum of MSEK 4.3.

Resolution regarding the adoption of a long term incentive program (LTI 2015) (item 13)

Summary of the program

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based long term incentive program, LTI 2015. The program is proposed to include a maximum of 70 senior managers within the Husqvarna Group. LTI 2015 requires that the participants must own shares in Husqvarna. 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 2015, will vest and give right to Class B-shares in Husqvarna in accordance with the following.

The personal investment and share awards

In order to participate in the program, the participant must buy Class B-shares in Husqvarna to a value corresponding to minimum 5% and maximum 10% of his/her annual fixed salary in 2015.

For each Class B-share which the participant purchases within the framework of LTI 2015, the participant will be allotted one matching share award.

In addition, the participant will be allotted a number of performance share awards. The allotment of performance share awards is linked to the participant's annual target income in 2015 (fixed salary plus variable salary at a target level).

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

- Are allotted free of charge
- Are vested three years after grant (vesting period)
- Vesting of share awards and allotment of Class 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

The number of performance share awards that vest and give rights to receive Class B-shares further depend on the fulfilment of certain levels of increase of the Company's value creation (defined as Earnings Before Interest and Tax – Average Net Assets x Weighted Average Cost of Capital), during the calendar years 2015-2017, as determined by the Board of Directors. These levels are "Entry", "Target" and "Stretch", with a linear progression between each level. Entry constitutes a minimum level which must be exceeded in order for the performance share awards to vest and give right to Class B-shares. The levels correspond to the following number of Class B-shares:

- Entry: Nil
- Target: 25% of annual target income / the share price SEK 66.14¹
- Stretch: 40% of annual target income / the share price SEK 66.14¹

If the price for the Class 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 Class B-shares will be reduced, whereby the maximum value to be received by each participant under LTI 2015 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.

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 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 2015 no longer being appropriate to apply.

Allotment

In accordance with the above principles and assumptions, LTI 2015 will comprise the following number of Class B-shares for the different categories of participants: the President and CEO, approximately 90,200 Class B-shares, other members of Group Management, each approximately an average of 26,200 Class B-shares, corresponding to a total of

¹ Corresponding to the average closing price of Husqvarna's Class B-share at Nasdaq Stockholm, during the period February 16-27, 2015.

approximately 288,200 Class B-shares, and other participants, each approximately an average of 13,800 Class B-shares, corresponding to a total of approximately 800,400 Class 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 2015 is estimated to comprise a maximum of 1,300,000 Class B-shares, which corresponds to less than 0.3% of the total number of outstanding shares. The Company has approximately 576 million shares. Considering the issued and outstanding options and rights to shares in accordance with previous incentive programs, the Company's incentive programs (LTI 2009, LTI 2013 and LTI 2014) correspond to approximately 0.5% 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 2014, note 4, and the Company's website, www.husqvarnagroup.com.

LTI 2015 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 51 before tax, if the performance level Target is reached and is allocated over the years 2015-2018. The corresponding cost at performance level Stretch is estimated to MSEK 74. 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 65 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 Class B-shares is 5%, that social security charges amount to 25% and that the annual employee turnover is 5% among the participants of LTI 2015.

In order to limit the costs, including social security charges, for LTI 2015, the Board of Directors will adopt hedging measures, such as equity swaps with third parties that can be transferred to the participants of the program provided that the Annual General Meeting 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 2015 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 LTI 2015 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 2015 is based on similar terms and conditions as the incentive program granted in 2014 (LTI 2014) 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 2015.

Repurchase, sale and equity swaps of Husqvarna Class B-shares (item 14)

a) Resolution on authorization to repurchase Husqvarna Class B-shares

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 repurchasing up to a number of Class B-shares so that the Company's holding does not at any time exceed 1% of the total number of outstanding shares in the Company. The purchase of Class B-shares shall take place on Nasdaq 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.

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

b) Resolution on authorization to sell Husqvarna Class B-shares

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 selling of Class B-shares in Husqvarna on Nasdaq Stockholm. The number of Class B-shares to be sold may not exceed the number of Class B-shares that the Company holds at the point in time of the Board's resolution. Sale of Class 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 Class 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 Class B-shares held in order to hedge the undertakings within the framework of the Company's incentive programs.

c) Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2015

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, 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 2015. 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 Class B-shares as are necessary to cover the Company's obligations under the LTI 2015 and then, upon the instructions of the Company, to transfer such shares to the participants per the terms of the LTI 2015.

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

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve to issue not more than 57,634,377 Class 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 Annual General Meeting.

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 proposals pursuant to items 14 a) and 14 b) above, a shareholder majority of two thirds of the votes cast and two thirds of the shares represented at the Annual General Meeting is required. For all other agenda items above (except elections), a shareholder majority of half of the votes cast at the Annual General Meeting is required.

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 Companies Act.

The reasons for the Board of Directors view that the proposed dividend and the proposed authorization of the Board of Directors to repurchase Husqvarna Class B-shares are compliant with the provisions of Chapter 17 Section 3 Paragraphs 2 and 3 of the 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 6,476,000 lower.

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 2014. 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 2014 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 1.65 per share, to be paid in two installments, firstly SEK 0.55 per share with Thursday, April 23, 2015 as the first record day, secondly SEK 1.10 per share with Friday, October 23, 2015 as the second record day. The total proposed dividend represents 5.1% of the Company's equity and 7.8% of the Group's equity. The Board of Directors has also proposed that the Board of Directors shall be authorized to resolve upon acquisition of B-shares in the Company to such extent that the Company, following each acquisition, holds a maximum of 3% of the total number of shares in the Company.

The Annual Report shows that the Company's equity/debt ratio amounts to 49.8% and the Group's equity/debt ratio is 41.5%. The Company's and the Group's equity/debt ratio does not differ from what is common within the industry. The proposed dividend and a full utilization of the proposed authorization to repurchase the Company's own shares do not jeopardize the investments which are deemed necessary for the business.

The proposed dividend and full utilization of the proposed authorization to acquire the Company's own shares do not affect the Company's and the Group's ability to 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 and a full utilization of the proposed authorization to repurchase the Company's own shares.

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 and the authorization to repurchase the Company's own shares is justifiable in light of the provisions of Chapter 17 Section 3 Paragraph 2 and 3 of the Swedish Companies Act.

Stockholm in March 2015
Husqvarna AB (publ)
The Board of Directors