

**Proposals by the Board of Directors
to be presented at the Annual General Meeting
of shareholders of Husqvarna AB (publ) on 28 March 2012**

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

Disposition in respect of the Company's profit (item 8 b)

The Board of Directors proposes a dividend for the financial year 2011 of SEK 1.50 per share and Monday, April 2, 2012 as record date for the dividend. If the Annual General Meeting ("AGM") resolves in accordance with the Board of Directors proposal, the estimated date for the payment of the dividend is Thursday, April 5, 2012.

Principles for remuneration for the Group Management of the Company (item 13)

For the Husqvarna CEO and other members of the Group Management (the "Group Management"), the principles for remuneration approved by the AGM 2011 applies. The Board of Directors proposes that the corresponding principles should be approved by the AGM 2012 for the period up to and including AGM 2013.

These principles shall apply to remuneration and other employment conditions of the Group Management. The principles shall apply to contracts of employment entered into after the AGM 2012 and also to amendments made thereafter to contracts of employment which are in force. Remuneration to the Group Management is determined by the Board of Directors based on proposals from the Board of Directors' Remuneration Committee.

Principles

The overall principles for remuneration to the 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 comprise 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 annually in order to ensure continued competitiveness and in order to correctly reward performance.

Variable salary (Short-term Incentive "STI")

Members of the 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 improvement areas 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. STI shall be dependent on the position and may amount to a maximum of 50% of the salary on attainment of the "target" level and a maximum of 100% of the salary on attainment of "stretch" level, which also is the maximum STI. In the USA, the STI component is normally higher and may in some cases amount to a maximum of 100% on attainment of the "target" level and a maximum of 150% of the 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 Group Pension 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 the Group Management in the current employment agreements should be clear from note 26 in the Annual Report for 2011 with references.

Authority for the Board to deviate from the principles

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

Estimated remuneration to CEO and other members of Group Management for the business year 2012

Remuneration to the CEO and other members of Group Management comprise of 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 Board has decided not to propose to the AGM that a new LTI program is offered to the employees in 2012. The members of Group Management will, however, be covered by an additional STI plan for 2012, based on cash flow targets. This additional STI will mean that the participants are covered by an extra STI opportunity, in addition to the regular STI, of 15% of fixed salary at "target" level and 30% at max level, "stretch".

Total remuneration for 2012 to members of Group Management will amount to between MSEK 45 and 78 depending on the degree to which the targets (entry-target-stretch) of the STI will be reached. Variable remuneration is thus estimated to amount to max MSEK 33.

Previously decided remuneration which has not become payable

Since the AGM in 2011, decisions have been taken on payment of severance pay etc, with deduction for other income, to former members of Group Management who have been made redundant. These payments will be paid during 2012 and 2013 and amount to a maximum of MSEK 15.

Information about deviation from the principles

If special circumstances exist, the Board shall be able to deviate from the Principles for remuneration for the Group Management. In the event of such a deviation, the next AGM shall be informed of the reasons.

The Principles for Remuneration state among other things that variable salary, short term incentive (STI), may amount to max 50% of the salary when reaching target level "target" and 100% of the salary when reaching "stretch" level, which is also max STI.

The Board has decided to introduce an additional STI plan for 2012, based on cash flow targets. The purpose of the additional STI is to emphasize and put extra focus on improving cash flow in the Group. This additional STI plan will give the participants (max 50 senior managers) an extra STI opportunity, in addition to the regular STI, of 15% of fixed salary at "target" level and 30% at max level, "stretch".

The additional STI plan means that the STI opportunity for members of Group Management will be max 65% of fixed salary at "target" level and max 130% at max level, "stretch". This exceeds the levels stated in the principles for remuneration. The additional STI plan will, however, not increase the estimated total remuneration as no LTI program will be offered in 2012.

Resolution on authorization to acquire and transfer Husqvarna B-shares (item 14)

The Board of Directors proposes that the AGM authorizes the Board to resolve to acquire Husqvarna B-shares until the next AGM in accordance with the following.

1. The Company may acquire a number of B-shares so that the Company holds no more than 3% of the total number of shares in the Company after each acquisition.
2. The shares shall be acquired at NASDAQ OMX Stockholm.
3. The acquisitions of shares over the stock exchange may only take place at a price within the registered spread at any given time, meaning the difference between the highest buying price and lowest selling price.
4. Payment for the shares shall be made in cash.

The Board of Directors proposes that the AGM authorizes the Board to resolve to transfer Husqvarna's own shares until the next AGM in accordance with the following.

1. The Company may transfer such Husqvarna B-shares that the Company holds at the time of the Board of Directors decision.
2. The shares shall be transferred at NASDAQ OMX Stockholm.
3. The transfer of shares over the stock exchange may only take place at a price within the registered spread at any given time.
4. Payment for the shares shall be made in cash.

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

Resolution on an issue of new shares (item 15)

The Board of Directors proposes that the AGM 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 AGM.

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.

Majority Requirements

For a valid resolution in accordance with the Board of Directors' proposal pursuant to item 14 above, a shareholder majority of two thirds of the votes and two thirds of the shares represented 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 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 to repurchase Husqvarna shares are in accordance with the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act are the following.

The assets and liabilities have been valued at their actual value in accordance with Chapter 4, Section 14a of the Annual Accounts Act (1995:1554). If the valuation had not been made at actual value the equity would have been SEK 44,997,000 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 a business. As regards material events, reference is made to the report by the Board of Directors. The effects on the Company and the Group from changes of business cycles do not differ from what is otherwise the case 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 2011 is described in the most recent annual report. The annual report also states which accounting principles that have been applied when valuing of assets, reserves and liabilities.

From the Board's dividend proposal, it follows that the Board proposes a dividend distribution of SEK 1.50 per share. The proposed dividend represents 4.6% of the Company's equity and 7.0% of the Group's equity. The Board has also proposed that the Board is authorized to resolve to acquire B-shares in the Company up to a maximum of 3% of the Company's total number of shares.

The annual report shows that the Company's equity/debt ratio amounts to 50.5% and the Group's equity/debt ratio is 42.4%. The Company's and the Group's equity/debt ratio does not differ from what is common within the industry. The proposed dividend distribution and a full utilization of the proposed authorization to acquire the Company's own shares do not jeopardize the investments which are deemed necessary for the business.

The proposed dividend distribution and a 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 fulfill 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 course 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 and the Group will be able to continue its business and that the Company can be expected to fulfill its obligations on both a short and long-term basis.

Taking into account the proposed dividend distribution and a full utilization of the proposed authorization to repurchase the Company's own shares, 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 connected with the Company's business.

Conclusion

With reference to the above, and to what has otherwise come to the knowledge of the Board of Directors, the Board of Directors is of the opinion that the dividend distribution and the authorization is justifiable in light of the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act.

Stockholm in February 2012
Husqvarna AB (publ)
The Board of Directors