

*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 from Annual General Meeting of shareholders in Husqvarna AB (publ), reg. no. 556000-5331, on April 27, 2010 at 4 pm in Jönköping

**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 chairman Lars Westerberg, directors Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Tom Johnstone, Ulf Lundahl, Anders Moberg and Gun Nilsson, CEO Magnus Yngen, CFO Bernt Ingman, Chartered Accountants Anders Lundin and Christine Rankin Johansson and General Counsel Olle Wallén.

#### **§ 1**

The Chairman of the Board of Directors, Lars Westerberg, opened the meeting and welcomed the shareholders. It was resolved to allow representatives from the media to participate in the meeting.

#### **§ 2**

In accordance with the proposal from the nomination committee, it was resolved to elect Lars Westerberg as chairman of the meeting. It was noted that the chairman had requested Husqvarna's General Counsel, Olle Wallén to keep the minutes from the meeting.

#### **§ 3**

It was resolved to approve the proposal according to 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 that was included in the notice to the meeting.

#### **§ 5**

Göran Villner representing Swedbank Robur and Elisabeth Ek representing Nordea, were appointed to check and verify the minutes from the meeting together with the Chairman.

#### **§ 6**

It was noted that the notice to the AGM had been published in Post- och Inrikes Tidningar (the Official Gazette), Svenska Dagbladet, Dagens Nyheter and in Jönköpingsposten on March 25, 2010.

The meeting was declared properly convened.

## § 7

The CEO Magnus Yngen and the chairman Lars Westerberg presented the company's business and the work of the Board of directors during the financial year 2009. Questions from the shareholders were answered.

The Board and the CEO's annual accounts and the consolidated annual accounts including Profit and Loss Statement and Balance Sheet regarding the financial year 2009 were presented.

The chartered accountant Anders Lundin from the auditing company PricewaterhouseCoopers AB presented the audit process and the audit report for the company and the group.

## § 8 a

It was resolved to adopt the Profit and Loss Statement and the Balance Sheet as well as the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet for the financial year 2009 presented under item 7. 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 Accounts and accepted by the auditors.

It was resolved in accordance with the proposal from the Board of Directors and CEO as accepted by the auditors that the Annual General Meeting's distributable funds should be distributed as follows:

Retained earnings	SEK 14,055,301,000
Net income for 2009	SEK 2,698,074,000
Dividend to be distributed to the shareholders	SEK 573,621,000 (one (1) SEK/per share)
Total	SEK 16,753,375,000 should be carried forward.

The record date for the dividend was set to Friday, April 30, 2010 and the estimated date for the payment of the dividend from Euroclear is Wednesday, May 5, 2010.

## § 8 c

It was noted that the auditors had accepted that the Directors and the CEO should be discharged from liability for the administration of 2009.

It was unanimously resolved to discharge the Directors and CEO from liability for the administration of the company for the calendar year 2009. It was noted that Directors representing own and others shares as well as the CEO did not participate in the resolution.

## § 9

Ramsay Brufer of the Nomination Committee presented the proposal from the Nomination Committee on Board of Directors and auditors, fees to the Directors and auditors and nomination committee for the Annual General Meeting 2011.

It was resolved that the Board of Directors should consist of ten Directors with no deputies for the period until the end of the next Annual General Meeting.

## § 10

It was resolved to approve an unchanged total fee to the Board of Directors of SEK 5,345,000 whereof SEK 1,600,000 to the Chairman of the Board and SEK 460,000 to each of the Directors

elected by the AGM and not employed by the Company. For work within the Remuneration Committee, the chairman shall receive SEK 100,000 and the two members SEK 50,000 each and for work within the Audit Committee, the chairman shall receive SEK 175,000 and the two members shall receive SEK 75,000 each. It was resolved that a part of the remuneration to the Board for their assignment should be paid by allocation of synthetic shares corresponding to a value of a maximum of 50% of the remuneration in accordance with **appendix 3**.

The auditor's fee shall be paid on the basis of approved invoice.

## § 11

The chairman presented the proposed Directors assignments in other companies among others by referring to the presentation handed out when entering the meeting.

It was resolved to re-elect the following Directors for the period until the next Annual General Meeting Lars Westerberg, Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Tom Johnstone, Ulf Lundahl, Anders Moberg and Magnus Yngen. Magdalena Gerger and Ulla Litzén were elected new Directors. It was resolved to re-elect Lars Westerberg as the Chairman of the Board. Gun Nilsson had declined re-election and was thanked for her services in the Board.

## § 12

It was resolved to appoint the auditing company PricewaterhouseCoopers AB as auditors for the period until the end of the Annual General Meeting 2014.

## § 13

In accordance with the proposal from the Nomination Committee, it was resolved that:

1. The Company shall have a Nomination Committee consisting of one representative of each of the four largest shareholders in the Company with regard to the number of votes held, together with the Chairman of the Board of Directors. The names of the four representatives and the names of the shareholders they represent shall be announced at the latest six months before the Annual General Meeting 2011 and shall be based on the known number of votes as of August 31, 2010. The term of office for the Nomination Committee shall be for the period until a new Nomination Committee has been appointed. Unless the members of the Nomination Committee agree otherwise, the Chairman of the Nomination Committee shall be the member that represents the largest shareholder with regard to the number of votes held.
2. If, during the term of office of the Nomination Committee, one or more of the shareholders having appointed a representative to the Nomination Committee no longer is among the four largest shareholders with regard to the number of votes held, representatives appointed by these shareholders shall resign and the shareholder or shareholders who then are among the four largest shareholders with regard to the number of votes held, may appoint their representatives. If there are only marginal changes in the number of votes held or if the change occurs later than three months before the Annual General Meeting, no changes shall be made in the composition of the Nomination Committee unless there are special circumstances. A shareholder who has appointed a representative as member of the Nomination Committee has the right to dismiss such member and appoint a new representative as member of the committee. Changes in the composition of the Nomination Committee shall be announced as soon as they have occurred.
3. The Nomination Committee shall prepare the below proposals to be submitted to the Annual General Meeting 2011 for resolution:
  - a) Proposal regarding Chairman of the Annual General Meeting;
  - b) Proposal regarding number of Directors and Directors on the Board;
  - c) Proposal regarding Chairman of the Board of Directors;

- d) Proposal regarding Directors' fees and remuneration for committee work; stating the distribution between each member of the Board of Directors;
  - e) Proposal regarding Auditor's fees; and
  - f) Proposal regarding Nomination Committee for the Annual General Meeting of 2012.
4. The Nomination Committee, when performing its duties, shall fulfil the tasks that rest upon the Nomination Committee under the Swedish Code on Corporate Governance including, i.a. to provide the Company with certain information in order to enable the Company to fulfil its information obligation under the Code and for the Company to, upon request of the Nomination Committee, provide personnel resources such as secretary function for the Nomination Committee to facilitate the work of the committee. If needed, the Company shall also be able to pay reasonable costs for external consultants that the Nomination Committee deems necessary in order for the Committee to be able to fulfil its assignment.

#### **§ 14**

The Chairman of the Remuneration Committee Tom Johnstone presented the Board of Directors' proposal regarding remuneration principals for the senior management.

It was resolved, in accordance with the proposal by the Board of Directors, to approve the remuneration principals for the senior management as set forth in **appendix 4**.

#### **§ 15**

The Chairman of the Remuneration Committee Tom Johnstone presented the Board of Directors' proposal regarding the adoption of a long term incentive program (LTI 2010).

It was resolved with the requisite majority and in accordance with the proposal from the Board of Directors to adopt a long term incentive program (LTI 2010) as set forth in appendix 4.

#### **§ 16 a**

It was resolved with the requisite majority to authorize the Board of Directors to resolve to acquire the Company's own shares until the next Annual General Meeting 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 purpose of the authorization is to hedge the Company's undertakings (including social costs) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes. Further, acquired shares will be used to hedge costs (including social costs) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as resolved under item 10.

#### **§ 16 b**

It was resolved with the requisite majority to authorize the Board of Directors to resolve to transfer the Company's own shares until the next Annual General Meeting in accordance with the following.

1. The Company may transfer such own 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 authorization is to hedge the Company's undertakings (including social costs) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes. Further, acquired shares will be used to hedge costs (including social costs) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as resolved under item 10.

#### **§ 16 c**

It was resolved with the requisite majority to transfer the Company's own shares in accordance with the following.

1. At most 4,144,000 B-shares may be transferred.
2. The participants in the above mentioned programs (the "Participants") shall be entitled to receive the shares. Each Participant shall be entitled to a maximum number of shares in accordance with the conditions of the program.
3. The right to receive shares is conditional upon that all conditions of the program are fulfilled.
4. Transfers of shares in accordance with share awards granted under LTI 2010 will be made free of charge.
5. Transfers of shares in accordance with the employee stock options granted under LTI 2010 will be made at a price corresponding to 110% of the close price of the Company's B-share on NASDAQ OMX Stockholm during a period of 10 trading days prior to the grant of options.
6. The number of shares that may be transferred in connection with the program will be subject to recalculation in case the Company carries out a bonus issue, a split, a rights issue or similar, all in accordance with the conditions of the program.

The transfer of own shares is a part of LTI 2010 as resolved under item 15.

#### **§ 17**

It was resolved, in accordance with the Board's proposal, appendix 4, to authorize the Board to resolve to issue not more than 57,634,377 B-shares payment in kind, on one or several occasions during the period until the next AGM.

#### **§ 18**

It was resolved, with the requisite majority and in accordance with the Board's proposal, appendix 4, to change § 8 in the Articles of Association.

The CEO, or a person appointed by the CEO, was authorized to make such immaterial amendments to this resolution that may be necessary in order to register the resolution with the Companies Register.

#### **§ 19**

It was resolved, with the requisite majority and in accordance with the proposal from the shareholder Ehsan Ashrafi, to insert a reclassification clause in the Articles of Association.

§ 5 in the Articles of Association shall thus be amended with the following wording.

*Owners of series A shares shall be entitled to request conversion of series A shares to series B shares. Such request for conversion shall be made in writing to the Company and specify the number of shares to be converted. The Company shall notify the conversion to the Swedish Companies Registration Office for registration. The conversion is effected once the registration is completed and it has been noted in the Central Securities Depository Register.*

## **§ 20**

As no further items were addressed, the Chairman closed the meeting.

As above

/Olle Wallén/

Olle Wallén

Verified:

/Lars Westerberg/

Lars Westerberg

/Göran Villner/

Göran Villner

/Elisabeth Ek/

Elisabeth Ek

## Appendix 1

## Voting List

**Appendix 2      Annual Report**

[www.husqvarna.com/investorsrelations](http://www.husqvarna.com/investorsrelations)



## Appendix 3

### **Proposals by the Nomination Committee to be presented at the Annual General Meeting of shareholders of Husqvarna AB (publ) on 27 April 2010**

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

#### ***Election of Chairman of the Meeting (item 2)***

The Nomination Committee proposes that Lars Westerberg is elected chairman of the Annual General Meeting.

#### ***Determination of the number of Directors (item 9)***

The Nomination Committee proposes that the Board of Directors shall comprise ten Directors without Deputies. The Nomination Committee considers that the nature of the board work is very complicated and that thus an additional board member is required.

#### ***Determination of the remuneration to the Directors and the Auditor (item 10)***

##### *Remuneration*

The Nomination Committee proposes a total Board remuneration of SEK 5,805,000, whereof SEK 1,600,000 to the Chairman of the Board and SEK 460,000 to each of the Directors not employed by the Company. For work within the Remuneration Committee, the Chairman shall receive SEK 100,000 and the two members SEK 50,000 each. For work within the Audit Committee, the Chairman shall receive SEK 175,000 and the two members shall receive SEK 75,000 each.

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

##### *Remuneration in the form of synthetic shares*

The Nomination Committee proposes that a part of the remuneration to the Board of Directors shall be paid by allocation of synthetic shares corresponding to a maximum of 50% of the remuneration, according to the following.

Each Director shall have the option to choose between receiving 50% of the remuneration in cash and 50% in the form of synthetic shares or to receive 75% in cash and 25% of the remuneration in the form of synthetic shares. Directors being non-Swedish tax subjects, can choose to receive all of the remuneration in cash. However, if the total remuneration is made in cash, such Director is expected to invest 25% of the net remuneration after tax in the Company's shares.

The number of synthetic shares allocated to the Director is determined based on a volume-weighted average of the B-share price at NASDAQ OMX Stockholm during five trading days immediately following the announcement of the Company's first quarterly report of the year, when the Director is elected or re-elected.

The right to synthetic shares incurs a right to receive, during the fifth calendar year after the beginning of the Board Director's tenure at each of four occasions, an amount, for 25% of the allocated synthetic shares, in cash per synthetic share that corresponds to the price of the Company's B-shares at NASDAQ OMX Stockholm at each point in time for payment.

The synthetic shares will vest continuously during the term of the Directors with 25% quarterly. Each Director holding synthetic shares shall be credited additional synthetic shares corresponding to dividends paid on B-shares in the Company. If a Director resigns from the Husqvarna Board before four years from the allocation of synthetic shares, a cash payment may be requested during the year after the resignation.

The Company's payment obligations for synthetic shares shall be hedged by the Company; either by way of re-purchased shares, which may be sold in the market in connection with payments to

the Board Directors or by hedge arrangements with a bank. The financial impact on the Company of synthetic share program compared to payment in cash is, according to the Nomination Committee, very limited, if properly hedged.

The complete terms and conditions for the synthetic shares are set forth in **Appendix 1**.

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

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

The Nomination Committee considers that Ulla Litzén and Magdalena Gerger can add unique competence that is required for the Board work and that the ten Board Members proposed by the Nomination Committee are very well suited for carrying out Husqvarna’s Board work over their coming term of office.

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

Presentation of all proposed Directors including evaluation of the Directors’ independence is set forth in **Appendix 2**.

***Election of Auditors (item 12)***

At the 2006 Annual General Meeting, the registered auditing company PricewaterhouseCoopers AB, with Anders Lundin as the auditor in charge, was appointed auditors for the period up to the end of the Annual General Meeting in 2010.

The Nomination Committee proposes the election of the registered auditing company PricewaterhouseCoopers AB for a period up to the end of the Annual General Meeting in 2014.

Nominations for auditors and recommendations on audit fees are described in the "Report on the Work of Husqvarna AB’s Nomination Committee" for the 2010 Annual General Meeting. The report can be found on Husqvarna’s website under the heading "Corporate Governance".

When providing information about fees and expenses for auditors, the classification of auditing assignments and other assignments has been applied in accordance with the guidance of the Swedish Institute of Authorized Public Accountants (FAR) "About annual accounting of stock corporations".

Audit assignment is defined as the audit of the annual report, the accounts, the administration of the board of directors and the president, and other tasks, which rest upon the auditor, as well as consulting and other assistance which have been initiated by the findings in performing the audit work or implementation of such tasks. All other work is referred to other assignments.

**Table: Compensation to auditors during the past three years:**

(MSEK)	Group				Parent Company			
	2009	2008	2007	2006	2009	2008	2007	2006
Auditing assignments	22	21	17	15	4	5	4	4
Other assignments	2	2	6	1	0	1	4	1
Payments to other auditors	1	1	7	0	0	0	0	0
<b>Total:</b>	<b>25</b>	<b>24</b>	<b>30</b>	<b>16</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>5</b>

***Nomination Committee (item 13)***

The Nomination Committee proposes:

1. That the Company shall have a Nomination Committee consisting of one representative of each of the four largest shareholders in the Company with regard to the number of votes held, together with the Chairman of the Board of Directors. The names of the four representatives

and the names of the shareholders they represent shall be announced at the latest six months before the Annual General Meeting 2011 and shall be based on the known number of votes as of August 31, 2010. The term of office for the Nomination Committee shall be for the period until a new Nomination Committee has been appointed. Unless the members of the Nomination Committee agree otherwise, the Chairman of the Nomination Committee shall be the member that represents the largest shareholder with regard to the number of votes held.

2. That if, during the term of office of the Nomination Committee, one or more of the shareholders having appointed a representative to the Nomination Committee no longer is among the four largest shareholders with regard to the number of votes held, representatives appointed by these shareholders shall resign and the shareholder or shareholders who then are among the four largest shareholders with regard to the number of votes held, may appoint their representatives. If there are only marginal changes in the number of votes held or if the change occurs later than three months before the Annual General Meeting, no changes shall be made in the composition of the Nomination Committee unless there are special circumstances. A shareholder who has appointed a representative as member of the Nomination Committee has the right to dismiss such member and appoint a new representative as member of the committee. Changes in the composition of the Nomination Committee shall be announced as soon as they have occurred.
3. That the Nomination Committee shall prepare the below proposals to be submitted to the Annual General Meeting 2011 for resolution:
  - a) Proposal regarding Chairman of the Annual General Meeting;
  - b) Proposal regarding number of Directors and Directors on the Board;
  - c) Proposal regarding Chairman of the Board of Directors;
  - d) Proposal regarding Directors' fees and remuneration for committee work; stating the distribution between each member of the Board of Directors;
  - e) Proposal regarding Auditor's fees; and
  - f) Proposal regarding Nomination Committee for the Annual General Meeting of 2012.
4. That the Nomination Committee, when performing its duties, shall fulfil the tasks that rest upon the Nomination Committee under the Swedish Code on Corporate Governance including, i.a. to provide the Company with certain information in order to enable the Company to fulfil its information obligation under the Code and for the Company to, upon request of the Nomination Committee, provide personnel resources such as secretary function for the Nomination Committee to facilitate the work of the committee. If needed, the Company shall also be able to pay reasonable costs for external consultants that the Nomination Committee deems necessary in order for the Committee to be able to fulfil its assignment.

## **Terms for Payment of Directors' Remuneration by Allocation of Synthetic Shares 2010**

### **1. Background and purpose**

Directors' long-term commitment and interest in a positive value development for Husqvarna AB (the "**Company**") is considered to be enhanced by allocation of part of the Directors' Remuneration in the form of Synthetic Shares. The right to Synthetic Shares incurs a right to obtain a future payment corresponding to the market value of a B-share in the Company at the time of payment.

Synthetic Shares are comparable to promissory notes and are thus not bearers of any other rights than obtaining payment under these Terms.

### **2. Directors' Remuneration in the form of Synthetic Shares**

The Directors will obtain 75% of their remuneration in cash and a number of Synthetic Shares, which in value corresponds to 25% of the Directors' remuneration at the time of allocation, excluding any remuneration for work within board committees. The Directors may also, before the AGM, at which they are appointed, request to obtain 50% of their remuneration in cash and 50% in the form of Synthetic shares.

Directors who are not for tax purposes domiciled in Sweden may refrain from remuneration in the form of Synthetic Shares. Such directors are, However, expected to invest 25% of their net remuneration after tax in the Company's shares and such shares shall, to the extent possible according to such Director's reasonable judgment, be held as long as the Director is a member of the Company's Board.

The number of Synthetic Shares allocated to the Director is determined based on a volume-weighted average price of the Class B shares five trading days immediately following the announcement of the Company's first quarter report of the year, when the Director is elected or re-elected.

The Director shall inform the Company of his / her choice in writing, on a specific form. The choice is irrevocable and is valid for the whole term of office. The form must be filed with the Company before the opening of the AGM resolving on Directors' remuneration in the form of Synthetic Shares.

### **3. Vesting period**

The Directors' right to full allocation of Synthetic Shares depends on whether the Director remains a Board member for the whole term of office or only a part thereof. The Synthetic Shares vest with 25% per each commenced calendar quarter, during which the Director remains a Board member.

### **4. Payment**

The Director's right to obtain payment arises, in respect of each 25% of the allocated Synthetic Shares, after each announcement of the year-end and the three quarterly reports, during the fifth year after the shareholders' resolution on allocation of such Synthetic Shares. The amount is determined based on a volume-weighted average price of the B-share during five trading days immediately following the announcement of the Company's year-end or quarterly reports, as applicable, and the amount shall be paid within five banking days after its determination. The Company shall be entitled to withhold any taxes and pay any such amount to the relevant Tax Authority.

Dividends paid on the Company's B-shares during the period the Director holds Synthetic Shares shall entitle the Director to an adjustment in the form of allocation of additional Synthetic Shares, based on a volume-weighted average price of the B-share during five trading days immediately following the first day when the shares are quoted without the right to dividend. Payment pertaining to such additional Synthetic Shares shall be made on the fourth and last payment day as stated in the above paragraph.

## **5. Recalculation**

If the Company's share capital is increased or decreased, convertible bonds or options are issued, extraordinary dividends are made, or the Company is liquidated or merged, or similar changes are made, the number of Synthetic Shares and / or the value per Synthetic Share must be recalculated in order to assure the Director the same financial rights as if the Director had held actual B-shares since the date of allocation or the dividend payment date in accordance with section 4, second paragraph, above. Thereby, Swedish market practice for recalculation of similar instruments shall be applied as far as possible. In the event a recalculation is not possible or an action or transaction regarding the Company is complicated due to that the Synthetic Shares are outstanding, payment related to, at that time outstanding Synthetic Shares, can be made in advance, based on the valid share price for the Company's Class B shares at that point in time.

## **6. Prepayment**

In the event that the Director resigns prior to the payment day as per item 4 above, the Director may, within three months of the resignation, request prepayment, which is due, in relation each to 25% of all allocated Synthetic Shares, immediately after the announcement of the Company's year-end report or the three quarterly reports, as applicable, during the first year after the Director's resignation. The amount to be paid out shall be based on a volume-weighted average of the quoted B-share price during five trading days immediately following the announcement of the Company's year-end or quarterly reports, as applicable, and the amount shall be paid five banking days after its determination. The corresponding right to request prepayment shall apply for a deceased Director's estate.

## **7. Prohibition on pledging and assignment rights**

The rights pertaining to the Synthetic Share cannot be mortgaged, pledged, assigned or otherwise disposed of. However, if a Director dies, the rights are transferred to the estate of the deceased.

## **8. Changes and amendments**

Any changes of these terms shall be approved by a General Meeting of the shareholders of the Company.

## **9. Disputes and applicable law**

These terms shall be governed by Swedish law.

Disputes arising from the interpretation or the implementation of these terms shall be settled in accordance with the Swedish Arbitration Act in Stockholm and by application of Swedish law. The costs for arbitration shall be borne by the Company, except for such arbitration that according to the arbitration award has been initiated by a Director, without reasonable grounds.

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## Appendix 4

### **Proposals by the Board of Directors to be presented at the Annual General Meeting of shareholders of Husqvarna AB (publ) on 27 April 2010**

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 2009 of SEK 1 per share and Friday, April 30, 2010 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 Wednesday, May 5, 2010.

#### ***Principles for remuneration for the Group Management of the Company (item 14)***

For the Husqvarna CEO and other members of the Group Management (the "Group Management"), the principles for remuneration approved by the AGM 2009 applies. The Board of Directors proposes that the corresponding principles should be approved by the AGM 2010 for the period up to and including AGM 2011.

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 Annual General Meeting 2010 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". This means that variable remuneration can constitute a substantial component of total remuneration.

#### ***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. 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 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 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 19 in the Annual Report for 2009 with references.

#### ***Authority for the Board to deviate from the principles***

If special circumstances exist, the Board of Directors shall be able to deviate from these guidelines. In the event of such a deviation, the next Annual General Meeting shall be informed of the reasons.

#### ***Long term incentive program ("LTI 2010") (item 15)***

##### ***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 2010. The terms and conditions for LTI 2010 are similar to those for the incentive programs that was approved by the Annual General Meetings in 2008 and 2009 (LTI 2008 and LTI 2009). LTI 2010 is proposed to include a maximum of 50 senior managers within the Husqvarna Group. The program implies that the participants will invest in B-shares in Husqvarna. Subject to the fulfilment of certain performance targets and conditions three years later, in 2013, the personal investment will be matched by the Company through allocation of share awards and performance based stock options, in accordance with the following.

##### ***The personal investment and share matching***

In order to participate in the program, the employees must purchase B-shares in Husqvarna corresponding to a minimum of 5% and a maximum of 10% of their annual target income (fixed salary plus variable salary on target level).

For each B-share which the employee purchases, as personal investment within the framework of LTI 2010, the Company will grant one share award and a number of performance based stock options. Each share award entitles the holder to one B-share free of charge, three years after grant, provided that the participant is still employed by the Husqvarna Group and has maintained the personal investment.

The share matching will be based on the amount of shares which the employee purchases, however the purchase price will be assumed to correspond to a minimum of SEK 33 per share, which means that the number of shares can amount to no more than 10% of the target income divided by 33. This limitation as to the purchase price enables control and predictability over the maximum scope and cost of the incentive program.

#### ***The share awards***

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

- Vests three years after grant.
- Granted free of charge.
- To be entitled to the share match requires that the participant is still employed by the Husqvarna Group and has maintained the personal investment for three years from the day of grant.
- Carry no right to compensation for dividends on the underlying shares.
- Non-transferable.
- May be granted by Husqvarna or any other company within the Husqvarna Group.

#### ***The stock options***

The stock options shall be governed by the following terms and conditions:

- Vests three years after grant.
- Granted free of charge.
- Each stock option entitles the participant to purchase one B-share in the Company. The purchase price when exercising a stock option shall correspond to 110% of the average volume weighted closing price of the Company's B-share at NASDAQ OMX Stockholm, during a period of 10 trading days prior to the day of grant.
- Can be exercised at the earliest three years and at the latest eight years from the day of grant.
- Carry no right to compensation for dividends on the underlying shares.
- Non-transferable.
- Exercise of the options provides that the holder is still employed by the Husqvarna Group, and has maintained the personal investment for three years from the day of grant.
- Can be granted by Husqvarna or any other company within the Husqvarna Group.

The number of stock options that may be exercised depends on the number of B-shares that the participant has purchased under the framework of LTI 2010 and fulfilment of certain levels of increase of the Company's earnings per share, during 2010-2012, determined by the Board of Directors. These determined levels are; Entry, Target and Stretch, with a linear progression between each level. Entry constitutes a minimum level which must be exceeded in order to enable exercise of the stock options. The levels correspond to the following numbers of stock options:

- Entry: 5 options per purchased B-share + 2,000 options
- Target: 10 options per purchased B-share + 5,000 options
- Stretch: 15 options per purchased B-share + 8,000 options

Consequently, the total number of stock options that can be exercised is limited to 15 options per purchased B-share plus an additional 8,000 options per participant.

#### ***Preparation and administration***

The Board of Directors, or a committee established by the Board, shall be responsible for preparing the detailed terms and conditions of the incentive program, in accordance with the terms and guidelines resolved by the Annual General Meeting. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Husqvarna Group, or its circumstances, would result in a situation where the decided terms and conditions for share



matching and for the possibility to exercise the stock options under the incentive program, become inappropriate to use.

### ***Allocation***

LTI 2010 is proposed to comprise a maximum of 4,144,000 B-shares, assuming a price of SEK 50 each for the B-shares purchased as part of the personal investment under LTI 2010. In accordance with the above, LTI 2010 will comprise the following number of B-shares for the different categories of participants: the CEO, approximately 291,000 B-shares, other members of Group Management, each approximately an average of 121,200 B-shares, corresponding to a total of approximately 969,000 B-shares, and other participants, each approximately an average of 70,400 B-shares, corresponding to a total of approximately 2,884,000 B-shares. The above described numbers are conditional upon the participants investing 10% of their annual target salary and the fulfilment of target level Stretch as described above.

### ***Scope and costs of the program***

Assuming a price of SEK 50 each for the shares purchased as part of the personal investment, LTI 2010 is estimated to comprise no more than 0.72% of the share capital. Considering the issued and outstanding options and rights to shares in accordance with previous incentive programs (LTI 2008 and LTI 2009), the Company's incentive programs correspond to approximately 1.7% of the total number of shares. For a description of the Company's other share related incentive programs, reference is made to the annual report for 2009, note 19, and the Company's website, [www.husqvarna.com](http://www.husqvarna.com).

LTI 2010 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that share awards and stock options should be expensed as personnel costs over the vesting period and will be reported directly against equity. The accounting cost for the program is estimated to MSEK 53.5 before tax, if the performance level Target is reached. The cost will be allocated over the years 2010-2013. The corresponding cost at performance level Stretch is estimated to MSEK 75. 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 50 at the time of the personal investment, that each participant make a maximum personal investment, and that the annual employee turnover is 5% among the participants of the program.

In order to limit the costs, including social security charges, for the program, the Board of Directors will adopt security measures, such as share swaps, with unrelated parties and/or on the condition that the annual general meeting resolves in accordance with item 16 on the agenda regarding the repurchase of the Company's own shares, which can be transferred to the participants of the program. The intention is to not issue new shares as a result of the program. At a possible repurchase of the Company's own shares, already issued shares will be repurchased and then transferred to employees, or alternatively be sold on the market in order to cover the social costs.

### ***The rationale for the proposal***

The purpose of LTI 2010 is to create conditions to retain and recruit competent managers, provide competitive remuneration and to align the interests of the managers with the interests of the shareholders. In light of the above, the Board of Directors believes that adopting the incentive program will have a positive effect on the development of the Husqvarna Group and consequently that it will be beneficial to both the shareholders and the Company.

### ***Preparation***

LTI 2010 is based on the terms and conditions of the incentive program of the previous year (LTI 2009) and has in accordance with guidelines set out by the Remuneration Committee been prepared by the Group Management on consultation with external advisors. The incentive program has been reviewed at meetings of the Board of Directors in 2010.

### ***Acquisition and transfer of own B-shares (item 16)***

#### ***Authorization to acquire the Company's own B-shares (item 16 a)***

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve to acquire the Company's own shares until the next Annual General Meeting 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 purpose of the authorization is to hedge the Company's undertakings (including social costs) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes. Further, acquired shares will be used to hedge costs (including social costs) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as proposed in item 10.

#### ***Authorization to transfer of the Company's own B-shares (item 16 b)***

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve to transfer the Company's own shares until the next Annual General Meeting in accordance with the following.

1. The Company may transfer such own 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 authorization is to hedge the Company's undertakings (including social costs) for proposed and existing incentive programs and to continuously adapt the number of shares held for these purposes. Further, the earnings from transferred shares will be used to hedge costs (including social costs) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as proposed in item 10.

#### ***Transfer of own B-shares in accordance with LTI 2010 (item 16 c)***

The Board of Directors proposes that the Annual General Meeting resolves to transfer the Company's own shares in accordance with the following.

1. At most 4,144,000 B-shares may be transferred.
2. The participants in the above mentioned programs (the "Participants") shall be entitled to receive the shares. Each Participant shall be entitled to a maximum number of shares in accordance with the conditions of the program.
3. The right to receive shares is conditional upon that all conditions of the program are fulfilled.
4. Transfers of shares in accordance with share awards granted under LTI 2010 will be made free of charge.
5. Transfers of shares in accordance with the employee stock options granted under LTI 2010 will be made at a price corresponding to 110% of the closing price of the Company's B-share on NASDAQ OMX Stockholm during a period of 10 trading days prior to the grant of options.
6. The number of shares that may be transferred in connection with the program will be subject to recalculation in case the Company carries out a bonus issue, a split, a rights issue or similar, all in accordance with the conditions of the program.

The transfer of own shares is a part of LTI 2010 as proposed by the Board in item 15.

#### ***Authorization to the Board of Directors to resolve on an issue of new shares (item 17)***

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

The price for the new shares shall be based on the market price of the Company's shares.

The purpose of the authorization is to facilitate acquisitions where the consideration will be paid with own shares.

***Resolution on change of the Articles of Association regarding invitation to the General Meetings (item 18)***

The Board of Directors further proposes that the Annual General Meeting resolves to change Article 8 of the Articles of Association mainly as follows.

Current wording of Article 8: Notice to a shareholders' meeting shall be made by advertisements in the Swedish Official Gazette, Dagens Nyheter and Svenska Dagbladet.

Proposed wording of Article 8: Notice to a shareholders' meeting shall be made by advertisements in the Swedish Official Gazette and on the Company's website. It shall be announced in Svenska Dagbladet that a notice has been made.

Further, the Board of Directors proposes that the decision of the Annual General Meeting on the change of the Articles of Association shall be conditional upon whether the regulations in the Swedish Companies Act (SFS 2005:551) regarding the way in which a notification to the Annual General Meeting will be enforced, which means that the proposed wording of Article 8 will be in compliance with the Swedish Companies Act.

The Board of Directors, or any other person that the Board of Directors appoints, shall be entitled to decide upon the minor changes that, due to the decision, may be required in connection with the registration with the Swedish Companies Register.

***Majority Requirements***

For a valid resolution in accordance with the Board of Directors' proposal pursuant to items 15 and 16 c) above, a shareholder majority of nine tenths of the votes and nine tenths of the shares represented at the Annual General Meeting is required. For a valid resolution in accordance with the Board of Directors' proposal pursuant to items 16 a) and b) and 18 above, a shareholder majority of two thirds of the votes and two thirds of the shares represented at the Annual General Meeting is required.

The Board of Directors' 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 own 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 68,712,000 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 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 2009 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 per share. The proposed dividend represents 3,2% of the company's equity and 4,7% 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 net debt-equity ratio amounts to 51.4% and the group's net debt-equity ratio is 40.1%. The company's and the group's debt-equity 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 March 2010  
Husqvarna AB (publ)  
The Board of Directors