

Report on Husqvarna AB's Nomination Committee's work for the 2009 Annual General Meeting

Background

In accordance with the decision by the Annual General Meeting in April 2008, Husqvarna should have a Nomination Committee consisting of representatives of each of the four largest shareholders in terms of voting rights and the Chairman of the Board.

The four largest shareholders have appointed the following representatives who, together with Husqvarna's Board Chairman, will form the Nomination Committee.

The Nomination Committee's members are:

- Petra Hedengran, Investor AB, Chairman of the Nomination Committee
- Claes Boustedt, L E Lundbergföretagen
- Ramsay J. Brufer, Alecta Mutual Pension Insurance
- Anders Ellsell, Investment AB Öresund
- Lars Westerberg, Chairman of the Husqvarna Board

The Nomination Committee has been given the task to prepare and present the following proposals to the 2009 Annual General Meeting:

- Chairman of the Annual General Meeting
- Members of the Board of Directors
- Chairman of the Board of Directors
- Board fees (split between the Chairman, other Board Members and for committee work)
- Nomination Committee for the Annual General Meeting 2010
- Audit fees

Nomination Committee's work and proposals including reasoned statement

The Nomination Committee held three meetings and had contacts between meetings. The Nomination Committee has been presented with an evaluation of the Board and its work. To assess the degree to which the current Board of Directors meets the requirements that will be placed on the board following the Company's situation and future direction of the Board size and composition, as regards, for example, industry experience and skills, discussed.

The Nomination Committee has not received any proposal to board members from anyone other than members of the committee.

No proposals for Board Members have been submitted to the Nomination Committee by anyone other than the members of the Nomination Committee.

In addition, the Nomination Committee has discussed the issue of the Board Members' independence. The proposal for the composition of the Board meets the requirements of NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance for independent Board Members.

The Nomination Committee proposes that the current Board Members are re-elected except for Bengt Andersson who has declined re-election. The Nomination Committee proposes that Magnus Yngen, President and CEO in Husqvarna AB since October 1, 2008, is elected new member of the Board of Husqvarna. The Nomination Committee considers that the nine 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 considers that the proposed Board of Directors has an appropriate composition to meet its needs with respect to its operations, its strategy and direction and also to the prevailing economic climate. The Nomination Committee has paid

particular attention to the company's strategic development, management and control and the demands these places on the Board's skills and composition.

In the opinion of the Nomination Committee, it is advantageous for the Company and its shareholders that Members of the Board are shareholders or have a corresponding exposure against the development of the market price of the Husqvarna-share. Previously, the Nomination Committee has recommended the Annual General Meeting to resolve that part of the fees to the Board Members should be paid in the form of synthetic shares. The Nomination Committee considers that this has increased the Board Member's long term interest for the Company's financial development, and therefore the Nomination Committee proposes that each Director shall have the option to choose between receiving 50% of the remuneration, excluding remuneration for committee work, 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. The Nomination Committee proposes that the Company should hedge its undertakings under the synthetic shares, including costs for social security, by repurchase of the Company's own shares or by entering into an agreement with a bank. Assuming that the Company takes such hedging actions, it is the Nomination Committee's understandings that the synthetic shares would not significantly mean any additional cost in comparison with conventional fees.

The synthetic shares would be paid during the fifth year after the Board Member taking office in an amount corresponding to the average trading price of B-shares on NASDAQ OMX Stockholm in connection to such payment. Four payments would be made during the fifth year, each corresponding to 25% of the shares.

At an Extraordinary General Meeting on January 27, 2006, PricewaterhouseCoopers AB was appointed as the Company's external Auditor, with Anders Lundin as auditor-in-charge, for the period until the Annual General Meeting in 2010. Regarding Auditors' fees, the Nomination Committee proposes that the Meeting decides that fees shall be paid on the basis of an approved invoice, since the fees are not known in advance.

The Nomination Committee therefore proposes the following for decision:

- Unchanged number of Board Members to be elected by the AGM, meaning nine members.
- Re-election of Lars Westerberg, Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Tom Johnstone, Ulf Lundahl, Anders Moberg and Gun Nilsson.
- Election of Magnus Yngen, CEO in Husqvarna AB.
- Re-election of Lars Westerberg as Chairman of the Board, and proposed Chairman of AGM.
- Unchanged fees to Board members by in total SEK 5,345,000, whereof SEK 1,600,000 to the Chairman and SEK 460,000 to each of the other members.
- Unchanged fees for work within the Board committees, meaning SEK 100,000 to the chairman of the remuneration committee and SEK 50,000 to each of the members of the remuneration committee and SEK 175,000 to the chairman of the audit committee and SEK 75,000 to each of the members of the audit committee.
- Part of fees to be paid in synthetic shares, according to the above.
- Unchanged principles for appointment of Nomination Committee for AGM 2010, **Appendix 1** hereto.

Information about all individuals proposed as Members of Husqvarna AB's Board, and the Nomination Committee's evaluation of each Member's independence, can be found on the Company's website.

The Nomination Committee, March 2009

The Nomination Committee proposes that the nomination process in Husqvarna AB for the annual general meeting 2010 should be carried out as follows:

1. The Company should 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 2010 and shall be based on the known number of votes as of August 31, 2009. 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 2010 for resolution:
 - a) Proposal regarding Chairman of the Annual General Meeting;
 - b) Proposal regarding Directors of 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 Auditors
 - f) Proposal regarding Auditor's fees;
 - g) Proposal regarding Nomination Committee for the Annual General Meeting of 2011.
4. The Nomination Committee, when performing its duties, should fulfil the duties that rest upon the Nomination Committee under the Swedish Code on Corporate Governance including, i.e., 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.