

# Press release

Stockholm March 3, 2016

## Notice of Annual General Meeting of Husqvarna AB (publ)

**The shareholders of Husqvarna AB (publ) are hereby invited to attend the Annual General Meeting, which will be held at 4:00 p.m. on Wednesday, April 6, 2016 at the Elmia Congress Centre, Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden.**

### Registration and notification

Shareholders who intend to attend at the Annual General Meeting must

- be registered in the register of shareholders maintained by Euroclear Sweden AB as of Thursday, March 31, 2016, and
- notify the Company of their intention to attend no later than Thursday, March 31, 2016, by mail to Husqvarna AB, c/o Euroclear Sweden AB, PO Box 191, SE 101 23 Stockholm, Sweden, or by telephone at +46 36 14 70 10 between 9:00 a.m. and 4:00 p.m. (CET) weekdays or via the Company's website, [www.husqvarnagroup.com/agm](http://www.husqvarnagroup.com/agm).

The notification must include the shareholder's name, personal or company registration number, address, telephone number and information of the number of assistants (maximum two) that will be attending, if any. The data received will be computerized and used solely for the purpose of the Annual General Meeting 2016. For shareholders wishing to participate through an authorized representative, the Company will provide power of attorney templates on the Company's website. Shareholders participating through an authorized representative should submit the power of attorney to the above address prior to the date of the Annual General Meeting.

Shareholders whose shares are registered in the names of banks or other nominees must temporarily register the shares in their own name in order to be entitled to attend the Annual General Meeting. To ensure that such registration is in place as of Thursday, March 31, 2016, shareholders must inform the nominee well in advance of that date.

At the time of the issue of this notice, the total number of shares in the Company amounts to 113,694,825 A-shares and 462,648,953 B-shares, corresponding to 159,959,720.3 votes in total. The Company holds 3,343,015 B-shares at the same point in time.

### Agenda

1. Opening of the Annual General Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two minute-checkers
6. Determination as to whether the Meeting has been duly convened
7. Presentation of the Annual Report and the Audit Report as well as the Consolidated Accounts and the Audit Report of the Group and in conjunction therewith, the President's report on the business operations
8. Resolution concerning
  - a) adoption of the Profit and Loss Statement and the Balance Sheet as well as the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet;
  - b) allocation of the Company's profit or loss pursuant to the adopted Balance Sheet;
  - c) discharge from liability of the Directors and the President and CEO.
9. Determination of the number of Directors to be elected
10. Determination of remuneration to the Directors and the Auditors
11. Election of Directors and Chairman of the Board
  - a) Individual election of Directors;
  - b) Election of Chairman of the Board.
12. Resolution on principles for remuneration for Group Management
13. Resolution regarding the adoption of a long term incentive program (LTI 2016)
14. Repurchase, sale and equity swaps of Husqvarna Class B-shares
  - a) Resolution on authorization to repurchase Husqvarna Class B-shares;
  - b) Resolution on authorization to sell Husqvarna Class B-shares;
  - c) Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2016 and any previously resolved LTI programs.
15. Resolution on authorization to resolve on issue of new shares
16. Closing of the Meeting

## Proposals

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

The Nomination Committee proposes that Björn Kristiansson be elected Chairman of the Annual General Meeting.

### **Proposed distribution of earnings (item 8 b)**

The Board of Directors proposes a dividend for the financial year 2015 of SEK 1.65 per share, to be paid in two installments, firstly SEK 0.55 per share with Friday, April 8, 2016 as the first record day, secondly SEK 1.10 per share with Monday, October 10, 2016 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 Wednesday, April 13, 2016 and Thursday, October 13, 2016, respectively. The last day for trading in Husqvarna shares with right to the first part of the dividend is Wednesday, April 6, 2016 and the last day for trading with right to the second part of the dividend is Thursday, October 6, 2016.

In summary, the dates are as follows:

	First Installment (SEK 0.55 per share)	Second Installment (SEK 1.10 per share)
Last day for trading	April 6, 2016 (Wednesday)	October 6, 2016 (Thursday)
Record Day	April 8, 2016 (Friday)	October 10, 2016 (Monday)
Estimated Payment Date	April 13, 2016 (Wednesday)	October 13, 2016 (Thursday)

### **Determination of the number of Directors to be elected (item 9)**

The Nomination Committee proposes that the Board of Directors shall be increased with one additional Director and thus be comprised of nine Directors to be elected by the Annual General Meeting, and no deputies.

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

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

	Proposal (SEK)	Previous (SEK)	Percentage Increase
Chairman of the Board	1.775.000	1.725.000	3 %
Director	515.000	500.000	3 %
Remuneration Committee Chair	110.000	100.000	10 %
Remuneration Committee Member	55.000	50.000	10 %
Audit Committee Chair	180.000	175.000	3 %
Audit Committee Member	85.000	80.000	6 %

In addition to the basic compensation described above and reimbursement for travel expenses, the Nomination Committee proposes that the following compensation be paid to Directors for each physical meeting attended in Sweden:

Residence of Director	Per Meeting Compensation
Nordic Countries	None
Europe (non-Nordic)	SEK 10,000
Outside of Europe	SEK 20,000

The Nomination Committee declares that it expects the Directors to engage themselves financially in Husqvarna by acquiring Husqvarna shares within a period of five years, corresponding to approximately one year's remuneration, calculated before tax.

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

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

#### **a) Individual election of Directors**

The Nomination Committee proposes re-election of

- (i) Magdalena Gerger,
- (ii) Tom Johnstone,
- (iii) Ulla Litzén,
- (iv) David Lumley,
- (v) Katarina Martinson,
- (vi) Daniel Nodhäll,
- (vii) Lars Pettersson and
- (viii) Kai Wörn.

In addition, the Nomination Committee proposes the election of a new Director (ix) Bertrand Neuschwander.

Mr. Neuschwander is Chief Operating Officer of Groupe SEB, France since 2014, and has previously held senior positions with the Groupe SEB, Devanlay/Lacoste and Aubert Group.

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

#### **b) Election of Chairman of the Board**

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

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

The Board of Directors proposes that remuneration to Group Management shall be comprised of fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pensions and other benefits. For the President and CEO and other members of Group Management, the principles for remuneration as approved by the Annual General Meeting 2015 apply. The Board of Directors proposes that the corresponding principles should be approved by the Annual General Meeting 2016 for the period up to and including the Annual General Meeting 2017.

The proposed remuneration principals are stated in the complete "Proposals by the Board of Directors to be presented at the Annual General Meeting of shareholders of Husqvarna AB (publ) on Wednesday, April 6, 2016", which will be published on the Company's website not later than three weeks prior to the AGM.

The total remuneration to members of Group Management for 2016 is estimated to amount to between MSEK 65 and MSEK 120 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 55.

Severance pay which has not become payable amounts to a maximum of MSEK 1.8.

#### ***Resolution regarding the adoption of a long term incentive program (LTI 2016) (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 2016. The program is proposed to be offered to a maximum of 80 senior managers within the Husqvarna Group. The LTI 2016 offers participants the opportunity to receive two types of share awards: (1) "matching share awards" and (2) "performance shares awards". 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 2016, 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, members of Group Management must buy Class B-shares in Husqvarna to a value corresponding to 10%, 15% applies for the CEO, of his/her annual fixed salary in 2016. For other participants this personal investment in shares is optional but must be minimum 5% and maximum 10% of his/her annual fixed salary in 2016 if he/she wants to participate in this part of the program (matching share awards).

For the participants which chose or must (member of Group Management) participate in the program through purchase of Class B-shares in Husqvarna, the participant will be granted one matching share award for each Class B-share purchased within the framework of LTI 2016.

##### *Performance share awards*

In addition to the matching share awards, each participant of the LTI 2016 will be granted a number of performance share awards based on such participant's annual target income in 2016 (fixed salary plus variable salary at a target level). Annual target income is used, rather than just fixed salary, to make the program more competitive in the US and to achieve a more differentiated remuneration structure.

The number of performance share awards that vest and give rights to receive 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 2016-2018, 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 53.25<sup>1</sup>
- Stretch: 50% of annual target income / the share price SEK 53.25<sup>1</sup>

Regarding the President and CEO, such levels are increased to 30% of annual target income at Target, and 60% for Stretch.

<sup>1</sup> Corresponding to the average closing price of Husqvarna's Class B-share at Nasdaq Stockholm during February 2016.

*Additional Terms & Conditions of the share awards (both matching and performance share awards):*

- Shares 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

*Scope and costs of the program*

LTI 2016 is estimated to comprise a maximum of 2,100,000 Class B-shares, which corresponds to less than 0.4% of the total number of outstanding shares. The Company has approximately 576 million shares outstanding. 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, LTI 2014 and LTI 2015) correspond to approximately 0.9% 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 2015, note 4, and the Company's website, [www.husqvarnagroup.com](http://www.husqvarnagroup.com).

LTI 2016 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 79 before tax, if the performance level Target is reached, and is allocated over the years 2016-2019. The corresponding cost at performance level Stretch is estimated to MSEK 140. 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 55 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 2016.

In order to limit the costs, including social security charges, for LTI 2016, the Board of Directors will adopt hedging measures, such as equity swaps agreements with third parties which would then buy Husqvarna Class B-shares to 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 2016 is to influence and award long term performance, align shareholders' and managements' interest, attract and retain key employees and provide variable remuneration instead of fixed salary. In light of the above, the Board of Directors believes that adopting the incentive program LTI 2016 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 2016 is based on similar terms and conditions as the incentive program granted in 2015 (LTI 2015) 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 and 2016.

**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 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 2016**

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 2016 and any previously resolved incentive programs (the "Covered Programs"). Under such equity swap arrangements, in exchange for certain fees paid by the Company, the third party 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 Covered Programs and then, upon the instructions of the Company, to transfer such shares to the participants per the terms of the Covered Programs.

**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.

**Other information**

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.

The Board of Directors and the President and CEO shall, upon request of a shareholder, and provided that the Board deems this can be done without causing major harm to the Company, inform about matters which might affect the assessment of an item on the agenda or circumstances affecting Husqvarna's or its subsidiaries' financial situation or about Husqvarna's relation to another Group entity, or in relation to the consolidated Annual Report.

The Annual Report and the Audit Report as well as the Board of Directors' and the Nomination Committee's complete proposals pursuant to items 2 and 8-15 above as well as the Board of Director's reasoned statement pursuant to the Swedish Companies Act will be available at the Company, Husqvarna AB, Regeringsgatan 28, SE-111 53 Stockholm, Sweden and on the Company's website, [www.husqvarnagroup.com/aggm](http://www.husqvarnagroup.com/aggm), and will, on request, be sent to shareholders at the address provided, as from March 16, 2016, at the latest.

Stockholm in March 2016  
Husqvarna AB (publ)  
THE BOARD OF DIRECTORS

**Factory tour**

We are offering a guided tour of the Husqvarna factory in Huskvarna in close conjunction with the Annual General Meeting. Shareholders who wish to participate shall give a corresponding notice when notifying the Company of their intention to participate at the Annual General Meeting.

**Husqvarna Group**

Husqvarna Group is a world-leading producer of outdoor power products for garden, park and forest care. Products include chainsaws, trimmers, robotic lawn mowers and ride-on lawn mowers. The Group is also the European leader in garden watering products and a world leader in cutting equipment and diamond tools for the construction and stone industries. The Group's products and solutions are sold under brands including Husqvarna, Gardena, McCulloch, Poulan Pro, Weed Eater, Flymo, Zenoah and Diamant Boart via dealers and retailers to consumers and professionals in more than 100 countries. Net sales in 2015 amounted to SEK 36 billion and the Group has more than 13,000 employees in 40 countries.