



## Press release

Stockholm, 23 March 2010

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

The Annual General Meeting of Husqvarna AB (publ) will be held at 4 p.m. on Tuesday, April 27, 2010, at the Elmia Congress Centre, the Hammarskjöld Hall, Elmiavägen 15 in Jönköping.

#### Registration and notice

Shareholders who intend to participate at the Annual General Meeting must

- have their names entered in the register of shareholders maintained by Euroclear Sweden AB on Wednesday, April 21, 2010, and
- notify the Company of their intention to participate no later than on Wednesday, April 21, 2010. The notification can be made by mail to Husqvarna AB, Att. EM-LA, Box 30224, SE-104 25 Stockholm, Sweden, or by telephone at +46 8 738 70 10 between 9 a.m. and 12 a.m. or between 1 p.m. and 4 p.m. weekdays or via the Company's website, [www.husqvarna.se/agm](http://www.husqvarna.se/agm) and must include information of any advisors that will be attending.

Notice should include the shareholder's name, personal or company registration number, address and telephone number. The data received will be computerized and used solely for the purpose of the Annual General Meeting 2010. For shareholders wishing to participate by proxy, proxy templates are provided on the Company's website. Shareholders participating by proxy should submit a copy of the proxy authorization to the above address prior to the date of the Annual General Meeting.

Shareholders whose shares are registered in the names of nominees must temporarily register the shares in their own name in order to be entitled to participate at the Annual General Meeting. To ensure that such registration is made prior to Wednesday, April 21, 2010 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 147,570,030 of A-shares and 428,773,748 of B-shares, corresponding to 190,447,404.8 votes.

#### 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 persons to check and verify the minutes
6. Determination as to whether the meeting has been properly 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 connection therewith, the President's business report
8. Resolution on
  - 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) the proposed treatment in respect of the Company's profit or loss pursuant to the adopted Balance Sheet,
  - c) discharge from liability of the Directors and the President

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
12. Election of Auditors
13. Resolution on Nomination Committee
14. Resolution on principles for remuneration for the Group Management
15. Resolution on long term incentive program (LTI 2010)
16. Resolutions on acquisition and transfer of own B-shares
  - a) resolution on authorization for the Board to acquire own B-shares
  - b) resolution on authorization for the Board to transfer own B-shares
  - c) resolution to transfer own B-shares in relation to LTI 2010
17. Resolution on authorization for the Board to resolve on a new issue of shares
18. Resolution on change of the Articles of Association regarding invitation to General Meetings
19. Resolution on amending the Articles of Association with a reclassification provision as proposed by the shareholder Ehsan Ashrafi
20. Closing of the meeting

### **Proposals**

#### ***Chairman and number of Directors (item 2 and 9)***

The Nomination Committee proposes that Lars Westerberg is elected chairman of the Annual General Meeting. Further, the Nomination Committee proposes that the Board of Directors shall comprise ten Directors without Deputies.

#### ***Disposition of the Company's profit or loss (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 resolves in accordance with the Board of Directors' proposal, the estimated date for the payment of the dividend is Wednesday, May 5, 2010.

#### ***Remuneration to the Board of Directors and the Auditors (item 10)***

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 it is proposed that the Chairman shall receive SEK 175,000 and the two members shall receive SEK 75,000 each.

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

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 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 Company's payment obligations for synthetic shares may 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.

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

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

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

***Election of auditors (item 12)***

The Nomination Committee proposes to re-elect PricewaterhouseCoopers AB for a period of four years up to and including the Annual General Meeting in 2014.

***Resolution on Nomination Committee (item 13)***

The Nomination Committee proposes that the nomination procedures for the Annual General Meeting 2011 should be carried out as follows:

- The Company shall have a Nomination Committee consisting of one representative of each of the four largest shareholders 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 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 Nomination Committee's tenure is 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.
- If, during the term of office of the Nomination Committee, one or more of the shareholders having appointed a representative to the Nomination Committee is no longer 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 are then among the four largest shareholders with regard to the number of votes held, may appoint their representatives. If there are only minor 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.
- The Nomination Committee shall prepare the below proposals to be submitted to the Annual General Meeting 2011 for resolution on: a) Chairman of the Annual General Meeting; b) number of Directors and Directors on the Board; c) Chairman of the Board of Directors; d) Directors' fees and remuneration for committee work; stating the distribution between each member of the Board of Directors; e) Auditors' fees; and f) Nomination Committee for the Annual General Meeting of 2012.
- When the Nomination Committee performs its duties, it 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.

***Principles for remuneration for the Group Management (item 14)***

For the Husqvarna CEO and other members of the Group Management (the "Group Management"), the principles for remuneration approved by the Annual General Meeting

2009 applies. These principles relate to fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. The Board of Directors proposes that the corresponding principles should be approved by the Annual General Meeting 2010 for the period up to and including Annual General Meeting 2011. If special circumstances exist, the Board of Directors shall be able to deviate from these principles.

***Adoption of a long term incentive program (item 15)***

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based long term incentive program, LTI 2010. LTI 2010 is proposed to include a maximum of 50 senior managers within the Husqvarna Group. The program implies that the participants will, at market price, invest in B-shares in Husqvarna, corresponding to a value of a minimum of 5% and a maximum of 10% of their annual target income (fixed salary plus variable salary at a target level). The personal investment will later, in 2013, be matched by the Company through allocation of share awards and performance based stock options in accordance with the following.

For each B-share which the employee purchases 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 holder of the share awards is still employed by the Husqvarna Group and has retained the personal investment. Each stock option entitles the holder to purchase one B-share. When exercising the stock options, the purchase price for the shares shall correspond to 110% of the 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. The stock options are non-transferable and may be exercised at the earliest three years and at the latest eight years from the day of grant, provided that the holder is still employed by the Husqvarna Group. The stock options may be granted by Husqvarna or through another company within the Husqvarna Group.

The number of stock options that may be exercised depends on the number of B-shares that the employee has purchased within 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 levels are "entry", "target" and "stretch". The levels correspond to the following number 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 may be exercised is limited to 15 options per purchased B-share plus an additional 8,000 options per participant.

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. In accordance with the above, LTI 2010 will comprise the following number of B-shares for the different categories: the CEO, approximately 291,000 B-shares, other members of Group Management, approximately 969,000 B-shares in total and other participants, approximately 2,884,000 B-shares in total. In addition, LTI 2010 is estimated to comprise no more than 0.72% of the share capital. The Husqvarna Group may incur costs as a consequence of the share awards and the stock options in the form of social charges at the time of exercise, as well as costs relating to the accounting treatment during the vesting period.

The Board of Directors 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 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.

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

*Authorization to acquire and transfer the Company's own B-shares (items 16 a and b)*

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 purchasing so many B-shares that the Company's holding does not at any time exceed 3% of the total number of shares in the Company. The purchase of shares shall take place on the NASDAQ OMX 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.

Furthermore, it is proposed that the 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 transferring the Company's own B-shares on the NASDAQ OMX Stockholm. The transfer of shares on the NASDAQ OMX Stockholm may only occur at a price within the share price interval registered at that time.

The purpose of the authorizations is to hedge the Company's undertakings (including social charges) 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 charges) arising in connection with the grant of synthetic shares as part of the remuneration to the Board as proposed in item 10.

*Resolution to transfer own B-shares in relation to LTI 2010 (item 16 c)*

The Board of Directors proposes that the Annual General Meeting resolves that not more than 4,144,000 B-shares may be transferred to employees in accordance with LTI 2010 as proposed 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 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.

**Resolution on amending the Articles of Association with a reclassification provision as proposed by the shareholder Ehsan Ashrafi (item 19)**

Ehsan Ashrafi proposes that the Annual General Meeting resolves to amend Article 5 of the Articles of Association by inserting a new paragraph, as follows.

- Proposed wording of Article 5: Owners of shares of series A shall be entitled to request conversion of shares of series A to shares of series B. Such request for conversion shall be made in writing to the Company and specify the number of

shares to be converted. The Company shall without delay 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.

**Other information**

For a valid resolution in accordance with the proposals 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 proposals pursuant to items 16 a) and b), 18 and 19 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 Annual Accounts and the Auditors' Report as well as the Board of Directors' and the Nomination Committee's complete proposals pursuant to items 8–18 above will be available at the Company, Husqvarna AB, Lindhagensgatan 126, SE-112 51 Stockholm, Sweden and on the Company's website, [www.husqvarna.se/agm](http://www.husqvarna.se/agm), and will, on request, be sent to shareholders at the address given, as from March 23, 2010.

Stockholm in March 2010  
Husqvarna AB (publ)  
THE BOARD OF DIRECTORS

The Husqvarna Group is the world's largest producer of outdoor power products including chainsaws, trimmers, lawn mowers and garden tractors. It is the European leader in consumer irrigation equipment under the Gardena brand. The Group is also one of the world leaders in cutting equipment and diamond tools for the construction and stone industries. Net sales in 2009 were SEK 34 billion and the average number of employees was 15,000.