

# Press release

Stockholm March 7, 2014

## 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 p.m. on Thursday April 10, 2014, at the Elmia Congress Centre, the Hammarskjöld Hall, Elmiavägen 15 in Jönköping.**

### Registration and notification

Shareholders who intend to attend at the Annual General Meeting must

- firstly be registered in the register of shareholders as maintained by Euroclear Sweden AB on Friday April 4, 2014, and
- secondly notify the Company of their intention to attend no later than on Friday April 4, 2014, 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 a.m. and 4 p.m. weekdays or via the Company's website, [www.husqvarnagroup.com/agm](http://www.husqvarnagroup.com/agm) and must include information of the number of assistants that will be attending.

The notification 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 2014. For shareholders wishing to participate through an authorised representative, the Company will provide proxy templates on the Company's website. Shareholders participating through an authorized representative should submit the proxy to the above address prior to the date of the Annual General Meeting.

Shareholders whose shares are registered in the names of bank 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 made on Friday April 4, 2014 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 123,483,629 A-shares and 452,860,149 B-shares, corresponding to 168,769,643.9 votes in total. The Company holds 3,657,503 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 persons to verify the minutes
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) disposition 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 Auditor
11. Election of Directors and Chairman of the Board
12. Election of Auditor
13. Resolution on principles for remuneration for the Group Management
14. Resolution regarding the adoption of a long term incentive program (LTI 2014)
15. Repurchase and transfer of Husqvarna Class B-shares
  - a) Resolution on authorization to repurchase Husqvarna Class B-shares
  - b) Resolution on authorization to transfer Husqvarna Class B-shares
  - c) Resolution to transfer Husqvarna Class B-shares in relation to LTI 2014
16. Resolution on authorization to resolve on issue of new shares
17. Closing of the Meeting

## Proposals

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

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

### ***Disposition of the Company's profit or loss (item 8 b)***

The Board of Directors proposes a dividend for the financial year 2013 of SEK 1.50 per share and Tuesday, April 15, 2014 as record date for the dividend. If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, the estimated date for payment of the dividend from Euroclear Sweden AB is Tuesday April 22, 2014.

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

The Nomination Committee proposes that the Board of Directors shall comprise nine Board Members to be elected by the Meeting, and no deputies.

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

The Nomination Committee proposes a Board remuneration of SEK 5,595,000 in total (previously SEK 5,500,000), whereof SEK 1,675,000 (previously SEK 1,650,000) to the Chairman of the Board and SEK 485,000 (previously SEK 475,000) to each of the other Directors elected by the Meeting and not employed by the Company. For work within the Remuneration Committee, it is proposed that the Chairman shall receive an unchanged remuneration of 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 an unchanged remuneration of SEK 175,000 and the two members shall receive SEK 75,000 each.

The Nomination Committee's proposal implies an increase of the remuneration equal to approximately 2 percent compared to the total remuneration for the Directors' work in relation to the Board of Directors related work, resolved by the AGM 2013.

A separate remuneration for attending meetings is proposed to be paid in addition to the basic remuneration and compensation for travel related costs in accordance with the following principle: For attendance at a physical Board meeting in Sweden a remuneration per meeting in accordance with the below:

- a) For a Director with residence within the Nordic countries; no extra meeting remuneration
- b) For a Director with residence outside the Nordic countries but within Europe; SEK 10,000
- c) For a Director with residence outside Europe; SEK 20,000

The Nomination Committee expects the Board members 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 Auditor's fee shall be paid on the basis of approved invoice, in accordance with previous years.

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

The Nomination Committee proposes re-election of the Directors Lars Westerberg, Magdalena Gerger, Tom Johnstone, Ulla Litzén, Katarina Martinson and Daniel Nodhäll. The Nomination Committee proposes new election of Lars Pettersson, David Lumley and Kai Wörn. Ulf Lundahl and Anders Moberg have declined re-election.

Hans Linnarson resigned as a board member on July 22, 2013.

Lars Pettersson was born in 1954 and has a Master of Science in Applied Physics, Materials Technology, Uppsala University.

*Previous positions:* President and CEO of AB Sandvik 2002-2011 and various positions within AB Sandvik 1978-2002.

*Current board assignments:* Board member of Indutrade AB, LKAB, L E Lundbergföretagen AB, Uppsala University, PMC Group AB and Skanska AB.

David Lumley was born in 1954 and has a B.A in Communications/Marketing, Western Illinois University, USA; MSJ Journalism, Northwestern University Medill School of Journalism, Evanston, USA and a Master of Business Administration, Northwestern University Kellogg School of Management, Evanston, USA.

David Lumley is President and CEO of Spectrum Brands, Middleton, USA.

*Previous positions:* President Rubbermaid Home Products, Newell-Rubbermaid Inc, Atlanta, USA.

President and CEO, EAS Inc, Golden, USA. President Brunswick Bicycles, Brunswick Corp., Lake Forest, USA. President OMC International and Senior Vice President Marine Power Group, Outboard Marine Corp., Waukegan, USA. General Manager Wilson Sporting Goods Co., Chicago, USA.

*Current board assignments:* Spectrum Brands.

Kai Wörn was born in 1959 and has a Master of Science in Mechanical Engineering, the Royal Institute of Technology, Stockholm.

Since 1 July 2013 Kai Wörn is President and CEO of Husqvarna AB.

*Previous positions:* Operations partner at IK Investment Partners 2011-2013. President and CEO of Seco Tools AB 2004-2010. Various positions within ABB 1985-2004.

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

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

#### ***Election of Auditor (item 12)***

The Nomination Committee proposes that the Company shall appoint a registered public accounting firm as external Auditor and that Ernst & Young AB is appointed for the period from the AGM 2014 up until the end of the AGM 2018. Ernst & Young AB has informed that, provided that the AGM adopts the Nomination Committee's proposal, the registered auditors-in-charge will be authorized public accountants Hamish Mabon and Helène Siberg Wendin.

#### ***Resolution on principles for remuneration for the Group Management (item 13)***

For the Husqvarna CEO and other members of the Group Management (the "Group Management"), the principles for remuneration approved by the Annual General Meeting 2013 apply. 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 2014 for the period up to and including the Annual General Meeting 2015. If special circumstances exist, the Board of Directors shall be able to deviate from these principles.

#### ***Resolution regarding the adoption of a long term incentive program (LTI 2014) (item 14)***

##### *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 2014. The program is proposed to include a maximum of 70 senior managers within the Husqvarna Group. LTI 2014 implies that the participants must own shares in Husqvarna. Subject to the fulfilment of certain performance targets and conditions during a three year vesting period, matching share awards and performance based share awards, to be granted in 2014, 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, the employees must buy Class B-shares in Husqvarna to a value corresponding to minimum 5% and maximum 10% of his/her annual fixed salary in 2014.

For each Class B-share which the employee purchases within the framework of LTI 2014, the Company will grant one matching share award.

In addition, the Company will grant a number of performance based share awards. The grant of performance based share awards is linked to the participant's annual target income in 2014 (fixed salary plus variable salary at a target level).

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

- Are granted free of charge
- Are vested three years after grant (vesting period)
- Vesting of share awards and allocation 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 from the date of grant
- Carry no right to compensation for dividends on the underlying shares
- Are non-transferable
- Can be granted by the Company or any other company within the Husqvarna Group

The number of performance based share awards that vest and give right to 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 2014-2016, 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 based share awards to vest and give right to Class B-shares. The levels correspond to the following number of Class B-shares:

- Entry: Nil (only delivery under matching share awards)
- Target: 25% of annual target income / the share price SEK 41.24<sup>1</sup>
- Stretch: 40% of annual target income / the share price SEK 41.24<sup>1</sup>

If the price for the Class B-shares would increase more than 100% during the three year vesting period, the number of performance based share awards that vest and give right to Class B-shares will be reduced, whereby the maximum value to be received by each participant under LTI 2014 will be limited to the value

<sup>1</sup> Corresponding to the average closing price of Husqvarna's Class B-share at NASDAQ OMX Stockholm, during the period February 10-21, 2014.

of the maximum allocation at Stretch level at a share price increase of 100% during the vesting period. This limitation enables control and predictability over the maximum scope and cost of the program.

#### *Design and administration*

The Board of Directors, or a committee established by the Board, shall be responsible for the detailed design and administration of the incentive program, in accordance with the presented terms and guidelines. 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 environment, would result in the resolved terms and conditions for LTI 2014 no longer being appropriate to apply.

#### *Allocation*

In accordance with the above principles and assumptions, LTI 2014 will comprise the following number of Class B-shares for the different categories of participants: the CEO, approximately 136,400 Class B-shares, other members of Group Management, each approximately an average of 46,000 Class B-shares, corresponding to a total of approximately 368,000 Class B-shares, and other participants, each approximately an average of 21,000 Class B-shares, corresponding to a total of approximately 1,281,000 Class B-shares. The above stated numbers are calculated assuming all participants participate with maximum personal investment and the attainment of performance level Stretch as described above.

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

LTI 2014 is estimated to comprise a maximum of 1,800,000 Class B-shares, which corresponds to 0.3% of the total number of outstanding shares. The Company has approximately 576 million shares in issue. Considering the issued and outstanding options and rights to shares in accordance with previous incentive programs, the Company's incentive programs (LTI 2009, LTI 2011 and LTI 2013) correspond to approximately 0.3% 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 2013, note 3, and the Company's website, [www.husqvarnagroup.com](http://www.husqvarnagroup.com).

LTI 2014 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that share awards should be expensed as personnel costs over the vesting period and will be reported directly against equity. Social security charges will be recorded as a personnel expense in the income statement by current reservations. The accounting cost for the program is estimated to MSEK 48 before tax, if the performance level Target is reached. The cost will be allocated over the years 2014-2017. The corresponding cost at performance level Stretch is estimated to MSEK 70. 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 40 at the time of grant of 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 2014.

In order to limit the costs, including social security charges, for LTI 2014, the Board of Directors will adopt hedging measures, such as equity swaps with third parties, or the repurchase of Husqvarna shares that can be transferred to the participants of the program provided that the Annual General Meeting resolves in accordance with item 15 on the agenda. The intention is to not issue new shares as a result of the program. At a possible hedging through repurchase of Husqvarna 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 security charges.

#### *The rationale for the proposal*

The purpose of LTI 2014 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 LTI 2014 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 2014 is based on similar terms and conditions as the incentive program granted in 2013 (LTI 2013) 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 2014.

### **Repurchase and transfer of Husqvarna Class B-shares (item 15)**

#### **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 3% of the total number of outstanding shares in the Company. The purchase of Class B-shares shall take place on 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.

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 transfer 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 transfer of Class B-shares in Husqvarna on NASDAQ OMX Stockholm. The number of Class B-shares to be transferred may not exceed the number of Class B-shares that the Company holds at the point in time of the Board's resolution. Transfer 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 transfer repurchased Class B-shares to hedge costs for social security charges 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 to transfer Husqvarna Class B-shares in relation to LTI 2014**

The Board of Directors proposes that the Annual General Meeting resolves that not more than 1,800,000 Class B-shares, which are held by the Company, may be transferred free of charge to employees in accordance with the terms of LTI 2014. The number of Class B-shares that may be subject to transfer under LTI 2014 may be recalculated as a result of bonus issues, splits, rights issues and similar measures, under the terms of the program.

The transfer of Class B-shares is part of the Company's fulfilment of its obligations in accordance with LTI 2014.

**Resolution on authorization to resolve on issue of new shares (item 16)**

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 and 15 c) above, a shareholder majority of nine tenths of the votes cast 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 15 a) and 15 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.

The Board of Directors and the CEO shall, upon request of a shareholder, and 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 about Husqvarna's or its subsidiaries' financial situation or about Husqvarna's relation to another Group entity 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 8–16 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/agm](http://www.husqvarnagroup.com/agm), and will, on request, be sent to shareholders at the address given, as from March 20, 2014, at the latest.

Stockholm in March 2014  
Husqvarna AB (publ)  
THE BOARD OF DIRECTORS

**Factory tour**

We are offering a guided tour in 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 the world's largest producer of outdoor power products including robotic lawn mowers, garden tractors, chainsaws and trimmers. The Group is also the European leader in consumer watering products and one of the world leaders in cutting equipment and diamond tools for the construction and stone industries. The Group's products and solutions are sold via dealers and retailers to both consumers and professional users in more than 100 countries. Net sales in 2013 amounted to SEK 30 billion, and the Group had 14,000 employees on average in more than 40 countries.