

# Corporate Governance Report 2007

Husqvarna is a Swedish public limited liability company. Husqvarna's overall objective is to create long term value for its shareholders and other stakeholders. The Group is governed on the basis of the Articles of Association of Husqvarna AB, the Swedish Companies Act, the listing agreement with OMX Nordic Exchange Stockholm including the Swedish Code of Corporate Governance and other relevant Swedish and foreign laws and regulations.

Husqvarna applies the Swedish Code of Corporate Governance and does not report any deviations from the code.

This report has not been reviewed by the Group's auditors.

The Group's governance structure is illustrated below.

## Share capital and voting rights

The share capital in Husqvarna amounts to SEK 770m, comprising 98,380,020 A-shares and 286,756,875 B-shares. Each A-share carries one vote, and each B-share 1/10 of a vote. All shares entitle equal rights in terms of the company's assets and earnings and carry equal rights in terms of dividends.

## Bonus issue in 2007

The Annual General Meeting (AGM) in 2007 resolved on a bonus issue of 88,877,745 A-shares. The bonus issue increased the share capital by SEK 177,755,490, which was obtained through reallocation of funds from unrestricted equity according to the most recently adopted balance sheet. The bonus issue increased the proportion of A-shares from 3.2% to 25.5% of the capital, and from 24.9% to 77.4% of the voting rights.

The following conditions applied to the bonus issue:

- Each existing A- or B-share entitled to one (1) bonus share right for A-shares. Ten bonus share rights entitled to three (3) new A-shares.
- Shareholder's bonus share rights that were not multiples of ten were sold through the company and the funds received were allocated net of sales costs to the shareholders whose bonus share rights had been sold.
- The new shares entitles to dividend from and including the financial year 2007.

## General Meetings of shareholders

The decision-making rights of shareholders in Husqvarna are exercised at General Meetings of shareholders.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder must be registered in the share register as of a prescribed date prior to the meeting, and must provide notice of participation in due course.

Decisions at the meeting are normally made by simple majority. However, for some matters the Swedish Companies Act stipulates that a proposal must be approved by a higher proportion of the shares and votes represented at the meeting.

Individual shareholders who wish to have a specific issue included in the agenda of a shareholders' meeting can request the Board to do so by sending an e-mail to the address below, which is also posted on the Group's web site, well in advance of the meeting.

According to the Swedish Companies Act, the AGM must be held within six months of the end of the accounting year. The AGM decides on dividends, adoption of the annual report, election of Board members and auditors when required, remuneration to Board members and auditors and other important matters.

An Extraordinary General Meeting can be held at the discretion of the Board of Directors or if requested by the auditors or by shareholders owning at least 10% of the shares.

Shareholders may communicate in writing with the Board regarding matters that pertain to the AGM by sending an e-mail to the Secretary of the Board at [board@husqvarna.se](mailto:board@husqvarna.se). The shareholder should indicate whether the letter is addressed to the Board as a whole or to an individual member.

### Major shareholders in Husqvarna as of 31 December 2007<sup>1)</sup>

Shareholders	Number of A-shares	Number of B-shares	Total number of shares	Capital, %	Votes, %
Investor AB	32,725,376	21,387,782	54,113,158	14.1	27.5
LE Lundbergföretagen	14,400,000	1,000,000	15,400,000	4.0	11.4
Alecta Mutual Pension Insurance	5,919,500	19,527,400	25,446,900	6.6	6.2
AFA Insurance	2,907,793	14,126,157	17,033,950	4.4	3.4
AMF Pension Funds	1,984,260	5,512,820	7,497,080	1.9	2.0
SEB Funds	719,729	15,744,195	16,463,924	4.3	1.8
Swedbank Robur Funds	486,336	14,315,211	14,801,547	3.8	1.5
Lannebo Funds	1,386,660	5,210,000	6,596,660	1.7	1.5
Fourth Swedish National Pension Funds	862,502	9,768,640	10,631,142	2.8	1.4
Franklin-Templeton Funds	235,727	5,795,949	6,031,676	1.6	0.6
<b>Total, 10 largest shareholders</b>	<b>61,627,883</b>	<b>112,388,154</b>	<b>174,016,037</b>	<b>45.2</b>	<b>57.3</b>
Other shareholders	36,752,137	174,368,721	211,120,858	54.8	42.7
<b>Total all shareholders</b>	<b>98,380,020</b>	<b>286,756,875</b>	<b>385,136,895</b>	<b>100.0</b>	<b>100.0</b>
Of which Board of Directors	184,260	125,778	310,038	<0.1	<0.1

Most of the shares owned by foreign investors are registered through trustees, which means that owner identity is not obtainable from VPC (the Swedish Central Securities Depository & Clearing Organization). Accordingly, the major foreign owners are not shown in the table above. At year-end 2007 about 70% of the total share capital was owned by Swedish institutions and mutual funds, about 16% by foreign investors, and about 14% by private Swedish investors.

1) Source: SIS Ägarservice as of 31 December 2007.

### Nomination procedure for election of Board members and auditors

At the AGM in Husqvarna in April 2007, it was decided that a Nomination Committee would be appointed in anticipation of the AGM in 2008. The Nomination Committee consists of the Chairman of the Board and representatives of the four largest shareholders in terms of voting rights. The names of these representatives and the shareholders they represent will be announced publicly at least six months before the AGM.

Selection of the four shareholders is based on known holdings of voting rights immediately prior to the announcement. If the identity of major shareholders changes in the course of the nomination process, the composition of the Nomination Committee may be changed accordingly.

The Nomination Committee's tasks include preparing a proposal to the AGM 2008 regarding the following issues:

- Board members
- Chairman of the Board
- Chairman of the AGM
- Fees to Board members, including the Chairman, as well as remuneration for committee work
- Fees to Auditors
- Tasks and composition of Nomination Committee for next year

The Nomination Committee is also tasked to make proposals for the election of auditors when such matters are to be decided by the AGM. The Nomination Committee is then assisted by the Audit Committee which, among other things, informs the Nomination Committee of the results of the evaluation of the audit work.

Shareholders may submit proposals for nominees to the Nomination Committee. The committee's proposal shall be announced publicly in connection with or prior to the notice of the AGM.

## **Nomination Committee for the AGM 2008**

The Nomination Committee for the AGM 2008 consists of the following members:

- Petra Hedengran, Investor AB, Chairman of the Nomination Committee
- Ramsay J. Brufer, Alecta Mutual Pension Insurance
- Fredrik Lundberg, Lundbergs
- Stefan Roos, SEB Funds
- Lars Westerberg, Chairman of the Husqvarna board

The names of the shareholders' representatives were announced in a press release on 3 October 2007.

The Nomination Committee's proposal to the AGM in 2008 includes the following:

- Unchanged number of Board members to be elected by the AGM (9 members).
- Re-election of Lars Westerberg, Bengt Andersson, Peggy Bruzelius, Börje Ekholm, Tom Johnstone, Anders Moberg, Gun Nilsson and Robert F. Connolly. Peder Ramel declines re-election.
- Election of Ulf Lundahl, Executive Vice-President, L E Lundbergföretagen.
- Re-election of Lars Westerberg as Chairman of the Board, and proposed Chairman of the AGM.
- Increase of fees to Board members by SEK 100,000 to SEK 1.6m for Chairman and by SEK 22,500 to SEK 460,000 for other members.
- Part of fees to be paid in synthetic shares.
- Unchanged principles for appointment of Nomination Committee for AGM 2009.

The full proposal as well as a report on how the Committee has conducted its work will be publicly announced no later than the date of notification of the AGM, which is expected to be published on 19 March 2008.

## **The Board of Directors**

The main task of the Husqvarna Board of Directors is to manage the Group's affairs so as to satisfy the owners' interests in terms of a good long-term return on capital to the greatest possible extent. The Board's work is governed by rules and regulations that include the Swedish Companies Act, the Articles of Association, the Swedish Code of Corporate Governance and the working procedures established by the Board.

The Board decides on issues related to the Group's main goals, strategic orientation and major policies, and on other important issues related to financing, investments, acquisitions and divestments. The Board monitors and deals with, inter alia, follow-up and control of Group operations, Group communication and organization, including evaluation of the Group's operative management. The Board also has the overall responsibility for establishing an effective system of internal control and risk management.

## **Rules of procedures and meetings**

The Board has determined rules of procedures, which shall be reviewed annually and when necessary. The rules of procedures include allocation of tasks to Board members, including the Chairman. The Chairman shall organize and delegate the Board's work, and also ensure effective implementation of the Board's decisions as well as annual evaluation of the Board's work. The working procedures also identify the areas of responsibility for the committees appointed by the Board.

In addition, the rules of procedures include detailed instructions to the President and various corporate functions regarding issues that require the Board's approval, as well as the financial reports and other information that is to be submitted to the Board. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve regarding credit limits, investments and other outlays.

The rules of procedures stipulate that the meeting for formal constitution of the Board shall be held directly after the AGM. Decisions at this meeting include authorization to sign for the Company. The Board normally meets on five to six other occasions during the year. Four of these meetings are held in connection with publication of the Group's annual and interim reports. One or two meetings are held in connection with visits to subsidiaries. At one of the meetings the Board evaluated the performance of the President and CEO without the presence of any member of Group Management. Additional meetings, including telephone conferences, are held when necessary.

## **Ensuring quality in financial reporting**

The rules of procedures include detailed instructions regarding the type of financial and other reports that shall be submitted to the Board. In addition to interim reports and the annual report, the Board reviews and evaluates comprehensive financial information.

The Board also reviews, primarily through the Group's Audit Committee, the most important accounting

principles applied by the Group in financial reporting, as well as major changes to these principles. The tasks of the Audit Committee also include reviewing reports regarding the Group's internal control for financial reporting, as well as audit reports submitted by the Internal Audit function.

The Group's external auditors report to the Board as necessary, but at least once a year. At least one of these meetings is held without the presence of the President and CEO or any other member of Group Management. The external auditors also attend meetings of the Audit Committee.

The Audit Committee reports to the Board after all its meetings. Minutes are taken at all meetings of the Committee and are available to all Board members and the auditors. See Report on Internal Control over Financial Reporting 2007 on page 88 in the Annual report 2007.

### **Evaluation of the Board's activities**

The Board evaluates its activities annually with regard to the rules of procedures and the working climate, the alignment of the Board's work, and access to and need for special competence. A specially developed form is used for the evaluation, which is followed up by personal feedback meetings with the chairman. The results of the evaluation are reported to the Nomination Committee and comprise input for the nomination procedure, in which the Nomination Committee evaluates the composition of the Board, remuneration to members, and other matters.

The work of the Board Chairman is also evaluated separately under the management of the Chairman of the Remuneration Committee.

### **Composition of the Board**

The Husqvarna Board of Directors shall consist of not less than five and not more than ten members with not more than three deputies, all of whom are elected by the AGM for a period of one year. The Husqvarna Board currently comprises nine members elected by the AGM. Two additional members, with deputies, are appointed by the Swedish employee organizations, in accordance with Swedish labor laws.

The members of the Board in Husqvarna were appointed in January 2006, after recommendations from the Electrolux Nomination Committee. The goal in appointing members was to achieve a mix of competence and experience in terms of e.g. management of international companies, finance, sale and marketing of consumer goods, and knowledge of retailing.

With the exception of the President and CEO, the members of the Board are non-executives.

Two of the members elected by the General Meeting of shareholders are not Swedish citizens, and two are women.

### **Remuneration to Board members**

Remuneration to Board members is authorized by the AGM. Information on remuneration to Board members is given in Note 24 on page 75. Board members who are not employed by Husqvarna do not participate in the Company's long-term incentive program.

### **The Board's work in 2007**

During 2007, the Board held seven scheduled meetings and three extraordinary meetings. Three of the scheduled meetings were held in Stockholm, two in Huskvarna, one in Charlotte, NC in USA and one by telephone.

Major issues dealt with by the Board included:

- Renewals and update of the Board's Rules of Procedures
- Adoption of the 2006 Annual Report and quarterly reports
- A multicurrency loan facility for 8,000 MSEK
- Annual plan
- A strategic plan, including decisions on increased brand spending
- Acquisitions, among them King Concepts and Soff-Cut
- Delegation to management to investigate and handle moves of production
- Investment in a new factory in China
- Financial follow up on all major investments
- Approval of credit limits for key account customers
- Repurchase of shares
- Proposals to the AGM

The Annual Report for 2007 was approved at the Board meeting on 6 March 2008.

All Board meetings during the year followed an approved agenda, which together with documentation for each item was sent to all Board members. Olle Wallén, Head of Group Staff Legal Affairs, was the secretary at all Board meetings.

## Committees

The Board has established a Remuneration Committee and an Audit Committee, whose main tasks are preparatory and advisory. In addition, the Board may delegate decision-making powers on specific issues to the Committees.

### Remuneration Committee

The main task of the Remuneration Committee is to propose principles for remuneration to members of Group Management. The Remuneration Committee presents proposals to the Board of Directors regarding targets and criteria for variable remuneration, the relationship between fixed and variable salary, changes in fixed or variable salary, long-term incentives, pension terms and other benefits.

The Committee comprises three Board members: Peder Ramel (Chairman), Anders Moberg and Lars Westerberg. At least two meetings shall be held annually.

### Audit Committee

The primary task of the Audit Committee is to support the Board in overseeing the accounting and financial reporting processes, including the adequacy and the effectiveness of internal controls as well as the effectiveness of disclosure controls and procedures for financial reporting.

The Audit Committee also assists the Board of Directors in overseeing the audit of the financial statements, including related disclosures. This includes reviewing the objectivity and independence of the external auditors, overseeing their work, evaluating their performance and if necessary recommending their replacement. In addition, the Audit Committee is tasked with supporting the Nomination Committee in preparing proposals regarding election of external auditors and auditor's fees.

In addition, the Audit Committee reviews the Group's Internal Audit function regarding organization, staffing, budget, plans, results and reports.

The Audit Committee comprises three Board members: Börje Ekholm (Chairman), Peggy Bruzelius and Gun Nilsson. At least three meetings shall be held annually.

## Attendance at Board and Committee meetings during 2007

	Board	Audit Committee	Remuneration Committee
Number of meetings during 2007	10	6	3
Lars Westerberg	10		3
Bengt Andersson	10		
Peggy Bruzelius	10	6	
Robert F. Connolly	10		
Börje Ekholm	9	6	
Tom Johnstone	9		
Anders Moberg	10		3
Gun Nilsson	10	5	
Peder Ramel	10		3
Malin Björnberg	9		
Annika Ögren	10		

## Board of Directors

		Born	Nationality	Elected	Independent/ Dependent	No of A-shares <sup>1)</sup>	No of B-shares <sup>1)</sup>
Lars Westerberg	Board Chairman	1948	Swedish	2006	■ ■	156,000	0
Bengt Andersson	President and CEO	1944	Swedish	1991	■ ■ ■	12,000	67,578
Peggy Bruzelius	Member	1949	Swedish	2006	■ ■	1,950	6,500
Robert F. Connolly	Member	1943	American	2006	■ ■	300	1,000
Börje Ekholm	Member	1963	Swedish	2006	■ ■	8,400	28,000
Tom Johnstone	Member	1955	British	2006	■ ■	660	3,200
Anders Moberg	Member	1950	Swedish	2006	■ ■	2,760	11,200
Gun Nilsson	Member	1955	Swedish	2006	■ ■	1,560	5,200
Peder Ramel	Member	1955	Swedish	2006	■ ■	600	3,000
Malin Björnberg	Employee representative	1959	Swedish	2006	■	30	100
Annika Ögren	Employee representative	1965	Swedish	2006	■	0	0
Carita Spångberg	Deputy employee representative	1968	Swedish	2006	■	0	0
Fredrik Währborg	Deputy employee representative	1974	Swedish	2006	■	0	0

### Total no. of shares

184,260

125,778

■ = Independent in relation to company and management.

■ = Independent in relation to major shareholders.

■ = Dependent in relation to company and management.

■ = Dependent in relation to major shareholders.

■ = Employee representative.

<sup>1)</sup> As per 31 December 2007 holdings in Husqvarna, both own and those held by closely related persons.

## Independence of Board members

The Board as a whole is considered to be in compliance with the requirements for independence stipulated by the OMX Nordic Exchange Stockholm and the Swedish Code of Corporate Governance. With the exception of the President and CEO Bengt Andersson, the Board members are not Group executives.

The Nomination Committee's assessment of whether each of the proposed Board members is in compliance with these independence requirements shall be published together with the Nomination Committee's proposal.

The President has no major shareholdings, nor is he a part-owner in companies that have significant business relations with Husqvarna.

## External auditors

At an Extraordinary General Meeting on 27 January 2006 PricewaterhouseCoopers AB (PwC) was appointed as the Company's external auditor, with Anders Lundin as auditor-in-charge, for the period until the AGM in 2010.

PwC provides an audit opinion on the financial statements for Husqvarna AB, the consolidated financial statements for the Husqvarna Group, the administration of Husqvarna AB, and the financial statements of Husqvarna's subsidiaries. The audit is conducted in accordance with the Swedish Companies Act and generally accepted Swedish auditing standards issued by FAR, which are based on international auditing standards issued by the International Federation of Accountants (IFAC).

Audits of local statutory financial statements for legal entities outside of Sweden are performed in accordance with laws or other applicable regulations in the respective countries, and in accordance with IFAC GAAS, including issuance of audit opinions for the various legal entities.

For information on the auditors and their other audit assignments, see Husqvarnas Annual Report 2007 page 90. For fees paid to the auditors and their non-audit assignments in the Group, see Note 25 on page 77.

## **Husqvarna's business mission and goals**

Husqvarna's business mission is to develop, manufacture and market mainly power products for forestry and lawn and garden maintenance, as well as cutting equipment for the construction and stone industries. The product range includes products for both consumers and professional users.

The company culture is non-bureaucratic and enables rapid decision-making. It features a focus on cost-efficiency, products, customer care and a passion for products.

Husqvarna's main goal is to create value for shareholders and other stakeholders through continued good growth and high profitability. To achieve this goal Husqvarna shall be the global market leader in the product areas and market segments in which the Group operates.

Husqvarna shall maintain a capital base and a debt burden that will secure access to capital in order to enable this growth.

## **The Group's financial goals**

The Group's major financial goals are given below. Within the framework of these goals, each business sector establishes appropriate goals for its operations.

### **Growth in net sales**

Husqvarna's long-term goal is to achieve annual organic growth of approximately 5% over the course of a business cycle. Husqvarna also aims at growth through complementary acquisitions.

### **Operating margin**

Husqvarna's long-term goal is to achieve an operating margin of more than 10% over the course of a business cycle.

### **Capital structure**

The goal is that Husqvarna's capital structure should correspond to the requirements of a long-term credit rating of at least BBB in accordance with the credit rating principles applied by Standard & Poor's or similar institutions. It is considered that this currently requires that the long-term seasonally adjusted net debt in relation to income before depreciation and amortization (EBITDA) does not exceed a multiple of 2.5.

### **Dividend policy**

It is the Board's intention to give shareholders a dividend that reflects a good direct yield as well as dividend growth, and to implement a policy in which the level of the dividend is linked to Husqvarna's earnings, financial position and other factors which the Board considers to be relevant. In the long term the annual dividend should correspond to 25–50% of the Group's income for the period.

## **Management and Company structure**

Husqvarna's operations comprise two business areas, Consumer Products and Professional Products and six business sectors.

### **Group Management**

In addition to the President and CEO, Group Management includes five sector heads and four Group staff heads.

The President is responsible for ongoing management of the Company in accordance with the Board's guidelines and instructions. The sector heads have complete responsibility for the results and balance sheets of their respective sectors. The overall management of the sectors is implemented through operative meetings, which are held quarterly. These meetings are chaired by the President, and are attended by the heads of the sectors.

Group Management holds monthly meetings to review the previous month's results, update forecasts and plans, and discuss strategic issues.

### **Principles for remuneration to senior managers**

The general principles for remuneration to Group Management are based on the position held, the individual performance, income for the period, and remuneration shall be competitive in the country of employment.

The overall remuneration package for senior managers comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pensions and other benefits.

Husqvarna aims at offering a competitive total remuneration with a focus on "pay for performance". Variable remuneration represents a significant proportion of total remuneration. The variable salary for the President is based on an annual target for value created within the Group. For the Group's sector heads, variable remuneration is based on value created in each sector. For Group staff heads, the variable salary is based on value created for the Group. For more information on remuneration, see Note 24.

### **Value creation**

Variable remuneration to the President and Group Management is based on value creation. Value created is measured by business area, sector, product category and region. Value created links operating income and asset efficiency with the cost of the capital employed in operations, and is measured as operating income less the weighted average cost of capital (WACC) on average net assets.

### **Proposal for new guidelines**

The Board of Directors proposes that the AGM in 2008 approves principles for remuneration of Group Management, see "Proposals to the Annual General Meeting in 2008", page 31 in the Annual report 2007.

### **Long-term incentive program for 2008**

The Board of Directors proposes that the AGM resolves to adopt a new performance based incentive program for a maximum of 50 senior managers. Principles for the new program are similar to the 2007 program in that it will be based on earnings per share for the Group, and that the participants will have to invest in B-share at market value. For more information on the new proposals see "Proposals to the Annual General Meeting in 2008", page 31 in the Annual report 2007.

### **Report on Internal Control over Financial Reporting 2007**

This report is issued in accordance with the Swedish Code of Corporate Governance and is limited to a description of how internal control over financial reporting is organized.

The report is not part of the formal 2007 financial statements and has not been reviewed by the company's auditors.

Husqvarna applies the COSO\* framework for internal control, defining internal control in terms of five components: control environment, risk assessment, control activities, information and communication, and monitoring. This report describes how each of the five components is addressed within Husqvarna in relation to internal control over financial reporting.

\* Committee of Sponsoring Organizations of the Treadway Commission.

### **Control environment**

The Board has established an Audit Committee primarily for the purpose of assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes.

The Audit Committee's responsibility is supervisory. Responsibility for maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the President and CEO. Managers at various levels are responsible within their respective areas.

Responsibility and authority are defined in the Board's instructions to the President and CEO, policies, procedures and codes. The Board approves the Group's most important policies on communication, credit, finance and risk management, as well as the Code of Business Conduct. Group Management approves other policies and procedures and responsible Group functions issue guidelines and supervise the application of all policies and procedures. The Group's accounting rules and procedures for the financial reporting are set out in an accounting manual that is available to all financial personnel. Together with laws and other regulations, the organizational structure and the internal guidelines form the control environment.

### **Risk assessment**

Items in the financial statements that depend on judgemental evaluations or are generated through complex processes are relatively more exposed to potential errors than are other items. A comprehensive risk assessment aimed at identifying these items and quantifying the associated risk was coordinated by the Group's internal audit function during 2007.

## **Control activities**

Control activities are aimed at preventing, detecting and correcting errors and irregularities. They are integrated in Husqvarna's process for accounting and reporting and include procedures for attestation and approval, reconciliation, analysis of results, segregation of incompatible duties, controls within the IT-systems and controls of the basic IT environment.

Husqvarna has implemented Internal Control Standards, i.e. standards for control activities related to financial reporting. The objective of the standards is to assure and maintain a uniform level of internal control over financial reporting throughout the Group.

## **Information and Communication**

Husqvarna maintains information and communication systems to ensure that financial reporting is correct and complete. The accounting manual and other instructions for reporting are updated when necessary and are reviewed at least once annually. Together with other policies relevant for internal control over financial reporting, such as capital expenditure policy and credit policy, these documents are available on the company's intranet to all relevant personnel. Changes in accounting procedures are communicated and explained in a quarterly internal newsletter from the Group accounting function.

## **Monitoring**

Husqvarna uses a comprehensive financial reporting system to monitor performance, which enables detection of possible anomalies in financial reporting at an early stage.

Husqvarna applies uniform IFRS rules as defined in the Husqvarna Accounting Manual. The Accounting manual includes accounting and valuation principles as well as reporting instructions and have to be strictly followed by all Husqvarna companies. The manual is updated and reviewed each quarter. The adherence to the accounting manual is continuously monitored on Group and Sector level. In 2007, formal confirmations as to compliance with the accounting manual as well as other Group policies, so called management representation letters, have been requested from all subsidiaries.

Detailed monthly financial data are reported from about 160 units. The financial data are analyzed and monitored at sector and Group level, and at other operating levels.

The Group's internal audit function performs independent reviews aiming at evaluating and improving the efficiency of the internal control. The function has also conducted special investigations during the year. The internal audit function reports its findings and recommendations for improvement in internal control of financial reporting to the Audit Committee.

A so-called Control Self Assessment, in which reporting units are requested to attest to compliance with the Internal Control Standards has been completed during 2007.

## **Financial reporting and disclosure**

Husqvarna provides the market with information about the development of the Group and its financial position on an on-going basis.

On 31 January 2006 the Board adopted an Information Policy that complies with the requirements for an information policy in the Listing Agreement with the OMX Nordic Exchange Stockholm.

Financial information is issued regularly in the form of:

- Interim reports, published as press releases.
- The Husqvarna Annual Report.
- Press releases on all important matters which could materially affect the share price.
- Presentations and telephone conferences for analysts, investors and media representatives on the day of publication of the quarterly and full-year results, and in connection with release of important news.
- Presentations for financial analysts and investors in connection with Capital Market days, Road Shows, etc.

All reports, presentations and press releases are published simultaneously at <http://corporate.husqvarna.com>