

THE HUSQVARNA EUROPEAN WORKS COUNCIL AGREEMENT

between the Swedish Trade Unions, the European Metalworkers Federation, other relevant European Trade Unions Sectoral Organisations, on behalf of all employees and all trade unions recognised by companies within the Husqvarna Group (hereinafter the "Group") across Europe, and Husqvarna AB (hereinafter the Company)

1. INTRODUCTION.

1.1 The purpose of this Agreement is to establish arrangements in which the Group can provide information to, and the opportunity for exchange of views with democratic Trade Unions, representing those employees across Europe, on significant issues of a transnational nature. In doing so, it is hoped that an organisation with a truly international perspective can be developed where diversity, in all its respects, is seen as an asset. In line with the Group's basic beliefs, it is hoped that this Agreement will help sustain an environment, which respects transparency and offers fairness of dealing for all the people working within the organisation.

1.2 For this dialogue to be wholly constructive the parties acknowledge that the bodies established by this Agreement, as well as the approach to the discussion of issues, must continually reflect the context, heritage, culture, competitive position and evolving organisation of the Group which recognises that the key employment relationship is that between the individual team member and his local operating unit. These local parties must, however, continue to appreciate their respective responsibilities to the overall community of the Group .

1.3 Equally the parties to this Agreement accept that this structure should not encroach onto those subjects which are best discussed at local level.

2. FRAMEWORK AND SCOPE

2.1 A Husqvarna Group European Works Council (EWC) is established.

2.2 This Council will provide a forum for the provision of information from Group Management which will be the basis of a constructive exchange of views on matters related to the Group's industrial, economic, commercial, financial, technological, structural, strategic and human resource matters and development in the context of the overall business performance.

2.3 The scope of this Agreement will be restricted to significant matters of a transnational nature. Any subjects related to an individual business unit or country will not be the subject of debate within this dialogue.

2.4 Issues related to remuneration, compensation, benefits or terms and conditions of employment will be excluded from discussion under these procedures.

3. GEOGRAPHIC COVERAGE.

3.1 This Agreement will cover all the Group's businesses in those countries in the European Union and the European Economic Area, as set out in Appendix I.

In case of 50%-50% joint venture companies in the countries covered, the Agreement will cover those businesses where the Company has either a dominant position or a controlling interest, or the managerial responsibility.

4. COMPOSITION OF THE EWC

4.1 In line with its consolidated structure and in order to assure a truly transparent and effective information flow and exchange of view, as well as the continuation of the participatory attitude and nature of this forum, the Husqvarna Group European Works Council will be comprised of representatives of the Trade Unions, belonging to the European Metalworkers Federation and other relevant European Trade Union Sector bodies, who are recognised by Companies in the Group in Europe, on behalf of all employees in the businesses covered by this Agreement, and of Group Management representatives.

4.2 In any of its deliberations the EWC must consider the total Group perspective as well as the interests of all employees of the Group.

4.3 Only current and active employees of the Group in the relevant country can be nominated to attend the EWC.

5. SELECTION OF EMPLOYEES' REPRESENTATIVES.

5.1 The EMF or other sector body's affiliated unions in each included European country can select one representative to attend the EWC, where the total number of employees in that country, calculated as set out elsewhere in this Agreement, is less than 2000. Where there are between 2 000 and 5 000 employees in a country two representatives can be selected. In countries where there are 5 000 to 8,000 employees three representatives can be chosen.. In countries where there are more than 8 000 employees four representatives can be chosen to attend the EWC.

5.2 To provide an effective means of communication between the EWC and the Board of the Company, the employee representatives on the Board and their official deputies will select two from their number to act as representatives on the EWC. These representatives will be additional to the representatives appointed in accordance with the standard formula for country representation.

5.3 In order that the Council can function efficiently the parties to this Agreement acknowledge that the numbers attending the EWC should be contained to an optimum working size without detracting from the important principle of having effective representation.

5.4 Employees' representatives will be appointed to the EWC for a period of three years. If, during that three-year period, the representative leaves the employ of Companies belonging to the Group for whatever reason, or indicates that he/she does not wish to continue in office for the remainder of the period of tenure, the period of office will terminate immediately. In this case, he/she can be substituted by another formally appointed representative. In this case, the new representative would take over for the remainder of the three-year term of his/her predecessor. If, during the three-year period, the representative can no longer demonstrate a high degree of representation for his/her relevant country for reasons linked to the country, union/employee system of representation or the industrial structure, the country trade union/employee bodies, in accordance with article 5.6, are entitled to appoint a new representative. For similar reasons individual country management (or their equivalent) can raise for consideration changes which may affect employee representation with their own country trade union/employee bodies and the EWC Steering Group who, in turn, will express their opinion. The same person can be re-elected for more than one three-year period of office. If, during the period of tenure, the number of employees in the country drops below the threshold warranting the additional seats on the EWC, the representative will continue with his period of office until its expiry, at which time the number of seats for that country will be reduced to the relevant level in accordance with the formula set out in this Agreement. Employees of joint venture Companies will be covered by these arrangements if their numbers are included in the above calculation.

5.5 The employees' representatives' appointment and/or replacement must be formally notified both to the employees' representatives' Chairman and EWC Steering Group Secretary General.

5.6 The selection of employees' representatives will be in line with the following procedures:

(a) In countries where consultative machinery exists, such as, for example, Works Councils, Consiglio di Sorveglianza, Comite' de Groupe, Betriebsrat, Foretagsnamnder, the principles for nomination will be agreed by these bodies.

(b) In countries where no such machinery exists the principles for nomination will be agreed between representatives of the local management and the local trade unions.

5.7 The employee numbers, which determine the number of seats on the EWC allocated to each country, will be calculated by aggregating the average "number of employees" figure for each country for the two most recent years, as published in the Group's most recent Annual Financial Report, and dividing this aggregate figure by two.

In order to be directly represented the Group's businesses must have more than 150 employees in that particular country or it is agreed between the parties that the total activities of the Group in that country have a significant business or overall strategic presence.

If in certain countries covered by the present agreement, the number of employees is less than 150, a contact person -whom will not be a member of the EWC- will be elected or appointed in accordance with local law and practice.

Each such country will belong to a regional cluster based on geographical closeness or language commonalty. The EWC Steering Group will determine, the regional set up

and will decide on the country that will deliver the representative -in accordance with local law and practice- that will represent indirectly all the other countries that belong to the regional cluster. The EWC representative that is elected or appointed as the EWC representative for a given cluster will liaise with the other contact persons of the cluster for matters falling within the scope of the present EWC agreement

5.8 The figures referred to in article 5.7, first paragraph will be updated annually on publication of the Annual Financial Report.

6. MEETINGS

6.1 The EWC will meet at least once per year. In exceptional circumstances when an issue, which has significant transnational business and social implications, arises, and at the request of the EWC Steering Group, a special meeting of the EWC may be convened.

6.2 Representatives of Management will lead the meeting and co-ordinate the arrangements.

6.3 The location of the meeting will be in Europe at a date and time that will be mutually agreed.

6.4 The meeting will be conducted in the corporate language, which is English.


6.5 Simultaneous interpretation facilities will be available at the full EWC meetings.

6.6 (a) A draft agenda will be sent to the EWC members at least 30 days before the date of the annual meeting. During the following 10 days they can send to the Steering Group their positions, questions and remarks on the draft agenda, and any particular topics they would like to focus on.

(b) Where a country has more than one representative, these representatives can discuss together for at least 3 hours the draft agenda. A similar procedure, but only by means of phone conference (one/two hours maximum), can be used for countries that are clustered together in line with article 5.7 of the present agreement.

(c) The EWC Steering Group may be contacted in these cases via phone conference, if particular questions arise, to co-ordinate the discussion.

(d) Such a "domestic discussion" can be implemented through the provisions of art. 9 of this Agreement, and the provisions on confidentiality will be applied where necessary.

 (e) The Steering Group, either during one of its meetings or by a common document approved by its members via e-mail, will select the main suggestions, remarks and questions in order to draw the final agenda, which will be written in English and circulated to all participants not later than fifteen days before the EWC full meeting takes place, together with, where possible, the scheme/slides of the reports which are to be presented in the EWC meeting.

(f) The salary, travel and telephone cost necessary to the above provisions will be paid according to art. 11.2 of this Agreement.

(g) The agenda will also be circulated to Group Companies within the Countries represented via the electronic news channel prior to the meeting taking place. Where appropriate, because of language difficulties, the Employee Representative may, for a limited period of one year from the date of effective application of this agreement, request translated copies of any preparatory papers from the Company.

6.7 After the meeting a communiqué will be agreed by the EWC Steering Group. This Communiqué will be circulated to all members of the EWC and to all the consultative machinery indicated by art. 9. a) and b) of this Agreement.

In order that everyone in the relevant Countries is informed of the deliberations of the EWC, as well as to ensure a wider and transparent transnational information process and a widespread understanding of the EWC functioning and discussion, this communiqué will be published via the electronic news channel and can be placed at the Group employees' disposal on the plant notices boards.

This communication will again be written in English. This version and not translated versions will be the definitive record of proceedings. However, translation in the different country languages may be required at country level.

6.8 EWC sessions will be deemed "open", unless Group Management identifies the topic as confidential. In this case, the issues are not to be debated outside of the bodies established in this agreement.

6.9 By the invitation of both parties to this Agreement, in order to have a constructive discussion on matters of a special nature, experts, as defined under 7.3 below, can be invited to join the EWC.

7. EMPLOYEE REPRESENTATIVES' MEETING.

7.1 In order to prepare for the EWC meeting the Employees' Representatives can meet for up to one day. This meeting will normally take place immediately before the EWC meeting.

7.2 An employee representatives' debriefing session will take place immediately following the joint full meeting.

7.3 At these meetings the Representatives can be assisted by one external advisor who is recognised by both parties as expert in the subject under discussion.

7.4 Simultaneous interpretation facilities will be available for the above meetings.

7.5 The Employees' Representatives on the EWC will elect a Chairman, who will act as employees' spokesperson in the full meeting, and two further Steering Group members of different citizenship from among their number. Election to the Steering Group will be for a period of three years.

8. EWC STEERING GROUP.

8.1 A Steering Group, comprising of the employee representatives' Chairman and two further employee representatives, as provided for by article 7.5 of this Agreement, and Group management representatives, will be established.

8.2 The employee representatives on the EWC Steering Group can be assisted by one external advisor who is recognised by both parties as expert in the subject under discussion.

8.3 This Steering Group will be responsible for organising the functioning and the administration of EWC meetings, as well as for guaranteeing a transparent flow of information, an appropriate exchange of views, the interactive participation of the EWC members and the application of the internal rules and practices.

8.4 As such, the Steering Group will be responsible for agreeing the EWC meeting, agenda, date, time and location, evaluating and requesting the opportunity of special meetings of the EWC, issuing the published communiqué, requesting the nomination of representatives, examining the possible concerns/recommendations about the actual degree of representativeness of country delegates, agreeing the employee numbers and consequent EWC seats, fixing the regional clusters provided for in 5.7, liaising with the external advisor and other similar administrative issues that are necessary for an effective functioning of the EWC and undertaking special projects agreed upon by, and on behalf of, the EWC.

8.5 The EWC Steering Group will elect from among its Group management members a Secretary General, who will be responsible for the proper functioning of its activities and the correct application of its competence.

8.6 The Company will agree an appropriate budget and provide secretarial and administrative facilities to the Steering Group in order that it can fulfil its role.

8.7 It is anticipated that, in order to properly undertake its role, the Steering Group will meet approximately every quarter, either in person or through a conference call.

8.8 Steering Group meetings will be conducted entirely in English., Simultaneous interpretation facilities will temporarily be available, on request, for a period of one year starting from the date of effective application of this Agreement. English training courses will be provided to the members when needed. In case of important structural changes impacting the Steering Group, revision of this paragraph of the agreement is possible.

9. FEEDBACK OF EWC DISCUSSIONS.

9.1 In order to give a more detailed account of the EWC proceedings to local employee representatives than the summary outlined in the agreed communiqué, the following procedure should be adopted.

(a) In countries with existing consultative machinery, as indicated in article 5.6 of this Agreement, the next meeting of the relevant body will be appraised of the discussions of the EWC.

(b) In countries where no such machinery exists representatives of the local management and the local trade unions will agree on the most suitable method of feedback

(c) The confidentiality of the EWC proceedings must be followed in any local feedback.

9.2 In order to facilitate the feedback of EWC discussion the EWC will promote the implementation of an Intranet Database regarding the EWC activities and issues.

10. TRAINING OF EMPLOYEES' REPRESENTATIVES.

10.1 To ensure that the deliberations of the EWC are of a high standard, the Group will offer training facilities to the employee representatives on the EWC on various subjects particularly related to the Group, such as finance, European legislation, etc. The EWC will promote training facilities for the EWC employee representatives relevant to English language courses

10.2 The EWC Steering Group will ensure that newly nominated EWC members (or new members of the Steering Group) will be prepared for the task as soon as possible after nomination.

11. EXPENSES.

11.1 The operating expenses of the EWC, the preparatory meeting, the Steering Group and Employees' Representatives' training - as set out in this agreement – and the attendance of the EWC agreed expert will be financed through the Group .

11.2 The costs of salary, travel and accommodation for meetings established by this agreement will be paid by the Employing company in accordance with the local laws and/or practices and/or agreements in the country of employment of the Representative.

11.3 All parties to this agreement will co-operate in obtaining any funding or subsidies towards these costs that may be available, from time to time, from the European Commission, national governments or other public authorities.

12. CONFIDENTIALITY.

12.1 In accordance with the contents of article 6.8, and in line with the inherent transparency envisaged in the Group's basic beliefs, Group Management wish to see as much open debate in the EWC as possible. There will however, be occasions when, for reasons of commercial practice or because of stock market regulations, the full



discussion of the EWC, or of the Steering Group, cannot be disseminated outside of these meetings. On these occasions the Employees' Representatives on the EWC are bound by a duty of confidentiality and are not free to disclose the proceedings of the EWC outside of that forum. This duty lasts beyond the date of expiry of the Representative's mandate.

12.2 Expert who assists the EWC and the Steering Group, at any of the sessions or preparatory arrangements allowed under this Agreement, is similarly obliged to respect this duty of confidentiality.

12.3 Any member of the EWC who is found to be in breach of this duty of confidentiality will be prohibited from further participation in the proceedings of the EWC and may be the subject of disciplinary action in accordance with national practices or as directed by a relevant regulatory authority. In the case of misuse of sensitive information that may damage the Group the individual may also be the subject of legal action.

13. PROTECTION OF EMPLOYEES' REPRESENTATIVES ON THE EWC

13.1 Employees' representatives on the EWC shall, in the exercise of their functions under this Agreement, enjoy the same protection and guarantees provided for employees' representatives by the national legislation and/or practice and/or agreement in their country of employment.

14. STATUS OF AGREEMENT

14.1 The parties recognise this Agreement represents the continued application of an existing and renewed agreement under Article 13 of the European Council Directive (94/45/EC) "on the establishment of a European Works Council or a procedure in Community-scale undertakings for the purposes of informing and consulting employees", as foreseen in the Electrolux EWC agreement, article 14.3.

14.2 All parties agree to co-operate in any necessary procedures in front of a court of law or otherwise to confirm this Agreement as being an agreement in application of article 13.2 of the European Council Directive 94/45/EC and art. 6 of the Swedish Law 1996:359 on European Works Council, and therefore to confirm the exemption from the obligations of the Directive under the terms of Article 13.

14.3 In case part of the Husqvarna Group is spun-off either as an independent company or Group of companies, satisfying the criteria for the establishment of a European Works Council, the transnational information and consultation of the workers will be secured through the establishment of European works council at the level of the spun-off company or group of companies. The said European Works Council will be established on the basis of and in accordance with the provisions of the present EWC Husqvarna agreement.

15. APPLICABLE LAW

15.1 This agreement is subject to Swedish Law 1996:359 (Lag om europeiska foretagsrad). Disputes on this Agreement shall be solved according to the Swedish Law (law on "skiljeforfarande", Lag 1999:116). If a case is pursued under the law on "skiljeforfarande", any costs that are necessary for the three arbiters (one nominated by the employer, one nominated by the employees and an independent chairperson) will be met by the Group provided that the claim is not deemed frivolous, vexatious and wholly unreasonable.

16. DURATION OF AGREEMENT

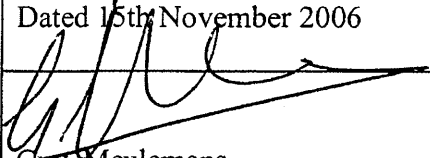
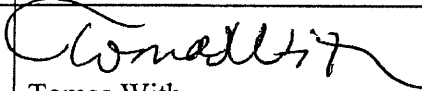

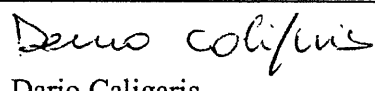
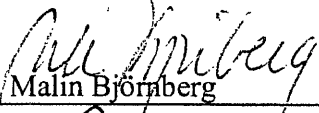
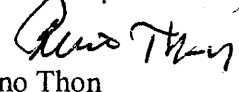

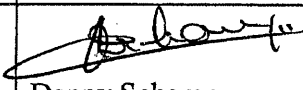

16.1 This agreement will last for three years from January 1, 2007

16.2 During its currency the agreement may be amended by mutual agreement of the parties.

16.3 In the twelve calendar months before January 1st,2010 , the parties will enter into discussion, under the forum of the EWC Steering Group, on the continuance of this agreement or on suitable replacement arrangements. In the absence of such discussion commencing this Agreement will continue to roll over for a further twelve months.

If, during the Agreement period of validity, significant structural and/or organisational changes should occur, either of the signatory parties to this Agreement may require the EWC Steering Group to examine the opportunity to review the Agreement itself. If the EWC Steering Group deem the revision opportune, it can issue a discussion platform to possibly achieve a renewal Agreement. In case of disagreement either party can give notice of termination of this Agreement which would become null and void after 12 months.



For and on behalf of Husqvarna AB		For and on behalf of European Metalworkers Federation/Swedish Trade Unions/other European Trade Unions Sector Groups
Dated 15th November 2006		Dated 15th November 2006
 Guy Meulemans		 Tomas With
 Lars Worsøe-Petersen		 Dario Caljari
		 Malin Björnberg
		 Rino Thon
		 Steve Crooks
		 Danny Schamp
		 Annika Ögren

APPENDIX 1

COUNTRIES COVERED BY THIS AGREEMENT PARTICIPATION IN THE EWC TRANSLATION OF THE AGREEMENT

All the countries being part of the EEC will be covered in this agreement.

Spain / Portugal participates as cluster, with Spain having the EWC representation.

Norway participates as a member from the start of the EWC.

When two employee representatives from the Board participates in the EWC no more than one additional representative from Sweden can participate in the EWC. If the number of employees in Sweden increases to more than 5 000, representation in EWC increases accordingly.

Translation of the EWC agreement will be provided.

As at November 15, 2006