

Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2007

The Election Committee's proposal as regards Chairman of the Annual General Meeting

The Election Committee proposes Sven Unger, lawyer, to be the Chairman of the Meeting.

The Election Committee's proposal as regards the number of members and deputy members of the Board of Directors

The Election Committee proposes nine members and no deputy members.

The Election Committee's proposal as regards remuneration to be paid to the Board of Directors

The Election Committee proposes that the fee shall amount to SEK 5,725,000 and that it be distributed among the members as follows. The Chairman of the Board is awarded SEK 1,500,000 and each of the other members SEK 500,000 with the exception of the President. Further, the Chairman of the Audit Committee is awarded SEK 250,000 and the other two members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

The Election Committee's proposal as regards remuneration to be paid to the Auditors

The Election Committee proposes fees based on invoices for the examination of the accounts and the management and for the audit of consolidated financial statements.

The Election Committee's proposal as regards Board members

The Election Committee proposes the re-election of Peter Bijur, Per-Olof Eriksson, Tom Hedelius, Leif Johansson, Finn Johnsson as Chairman, Philippe Klein, Louis Schweitzer and Ying Yeh. The Election Committee further proposes the election, for the first time, of Lars Westerberg. Information relating to the proposed Board members is set out below.

Peter Bijur

Born 1942, MBA Marketing, BA Political Science

Member of the Volvo Board since: 2006, member of the Audit Committee.

Board member: Gulfmark Offshore Inc.

Holdings in Volvo: None

Principal work experience: Numerous positions with Texaco Inc, retired as Chairman and Chief Executive Officer in 2001.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Mr. Bijur is independent from the company, the company management and the company's major shareholders.

Per-Olof Eriksson

Born 1938, Master of Engineering, Hon. Dr. of Technology.

Member of the AB Volvo Board since: 1994, Chairman of the Audit Committee.

Board Chairman: Callans Trä AB, Odlander, Fredriksson & Co AB and Cross country Systems AB.

Board member: Investment AB Öresund, Assa Abloy AB, Seneca AB, Elkem AS, Södersjukhuset AB and KTH Holding AB.

Member of the Royal Swedish Academy of Engineering Sciences.

Holdings in Volvo, own and related parties: 6,200 Series A shares.

Principal work experience: Engineer Uddeholms AB; numerous positions with Sandvik Group (in Sweden, Germany and the UK), President and CEO Seco Tools AB; President and CEO Sandvik AB.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee considers Mr. Eriksson independent of the company's major shareholders but not of the company and company management, due to that Per-Olof Eriksson has been a Board member for more than 12 years.

Tom Hedelius

Born 1939, Master of Business Administration, Hon. Dr. of Economics.

Member of the AB Volvo Board since: 1994, member of the Remuneration Committee.

Board Chairman: AB Industrivärden, Bergman & Beving AB and Anders Sandrews Stiftelse..

Honorary Chairman: Svenska Handelsbanken.

Vice Chairman: Addtech AB and Lagercrantz Group AB and Jan Wallanders och Tom Hedelius stiftelse.

Board member: Svenska Cellulosa Aktiebolaget SCA and Lundbergs AB.

Holdings in Volvo, own and related parties: 2,693 shares, including 693 Series B shares.

Principal work experience: AB Industrikredit; numerous positions with Svenska Handelsbanken (Credit Director, Executive Vice President, President and CEO, Chairman).

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee considers Mr. Hedelius independent of the company's major shareholders but not of the company and company management, due to that Tom Hedelius has been a Board member for more than 12 years.

Leif Johansson

Born 1951, Master of Engineering.

President of AB Volvo and Chief Executive Officer of the Volvo Group since 1997.

Member of the AB Volvo Board since: 1997.

Board member: Bristol-Myers Squibb Company, Svenska Cellulosa Aktiebolaget SCA, Confederation of Swedish Enterprise and The Association of Swedish Engineering Industries. Member of the Royal Swedish Academy of Engineering Sciences.

Holdings in Volvo, own and related parties: 50,562 shares, including 43,538 Series B shares and 50,000 employee stock options.

Principal work experience: Project consultant Indevo; Assistant to President Centro Maskin Morgårdshammar; President Husqvarna Motorcyklar; Division Manager Office Machines Facit Sweden; President Facit; Division Manager AB Electrolux Major Appliances; Division President AB Electrolux Major Appliances; Executive Vice President AB Electrolux; President AB Electrolux; CEO Electrolux Group.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence and that Leif Johansson is Volvo's CEO, the Election Committee considers Mr. Johansson independent of the company's major shareholders but not of the company and company management.

Finn Johnsson

Born 1946, Master of Business Administration.

Member of the AB Volvo Board since: 1998. Chairman since February 2004, Chairman of the Remuneration Committee.

Board Chairman: Luvata Oy, Thomas Concrete Group AB, Unomedical A/S, KappAhl AB and City Airline.

Board member: Skanska AB and AB Industrivärden.

Holdings in Volvo: 4,000 shares, whereof 2,000 Series B shares.

Principal work experience: Machine Division at Swedish Match; President Arenco Machine Co., USA; President Swedish Match Europe and Swedish Match Asia; President Tarkett AB; Executive Vice President Stora AB; President Industri AB Euroc; President United Distillers, UK; CEO of Mölnlycke Health Care AB.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Mr. Johnsson is independent from the company, the company management and the company's major shareholders.

Philippe Klein

Born 1957

Senior Vice President, CEO's Office Renault S A and member of the Renault Management Committee.

Member of the Volvo Board since: 2006.

Holdings in Volvo: None

Principal work experience:

Various positions within Renault (Engineer; Senior Manager, Engine Development and Tuning; Director, Process Quality Department in Vehicle Engineering; Vice President, Industrial System Performance Department); Vice President, CEO's Office at Nissan.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the election committee is of the opinion that Mr. Klein is independent from the company and the company management. Philippe Klein is employed by Renault SA and represents Renault SA on the company's Board. Since Renault SA controls more than 10% of the shares and votes in Volvo, he may not in the Election Committee's opinion be considered as independent in relation to one of the company's major shareholders.

Louis Schweitzer

Born 1942. Bachelor of Laws.

Member of the AB Volvo Board since: 2001, member of the Remuneration Committee.

Board Chairman: Renault, AstraZeneca Plc.

Board member: Electricité de France, BNP-Paribas, Véolia and L'Oréal.

Holdings in Volvo: 2,000 Series B shares.

Principal work experience: Official at French Budget Department; Chief of Staff of Mr Laurent Fabius (Minister of

Budget, then Minister for Industry and Research, and Prime Minister), Chairman, French Commission for Equality (since 2005); numerous positions with Renault SA (Chief Financial Officer and Executive Vice President Finance and Planning, President and Chief Operating Officer, Chairman and Chief Executive Officer).

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the election committee is of the opinion that Mr. Schweitzer is independent from the company and the company management. Louis Schweitzer is employed by Renault SA and represents Renault SA on the company's Board. Since Renault SA controls more than 10% of the shares and votes in Volvo, he may not in the Election Committee's opinion be considered as independent in relation to one of the company's major shareholders.

Lars Westerberg

Born 1948, MSc Engineering, BSc Economics
President of Autoliv AB

Board Chairman: Husqvarna AB.

Board Director: SSAB, Plastal AB, Autoliv AB

Holdings in Volvo: None

Principal work experience: Lars Westerberg is the President of Autoliv and has previously served as President of Gränges and Esab, among other executive positions.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Mr. Westerberg is independent from the company, the company management and the company's major shareholders.

Ying Yeh

Born 1948, BA, Literature & International Relations.
President and Chairman of Kodak North Asia Region.

Member of the Volvo Board since: 2006, member of the Audit Committee.

Holdings in Volvo: None

Principal work experience:

Journalist NBC, New York. Numerous positions with the U S Government Foreign Service in Burma, Hong Kong, Taiwan and Beijing. Various positions with Eastman Kodak in China.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Ying Yeh is independent from the company, the company management and the company's major shareholders.

The Election Committee's proposal as regards Auditors and Deputy Auditors

The Election Committee proposes the re-election of PricewaterhouseCoopers AB, Authorized Public Accountants, as auditors for a period of three years.

PricewaterhouseCoopers has been the elected Auditors for Volvo since 2003. Prior to that, the Authorized Public Accountants Olof Herolf and Olov Karlsson of the same firm were the elected Auditors during the period 1998 – 2002. The following fees have been paid by Volvo to PricewaterhouseCoopers AB during the passed three years.

Fees (SEK million)	2004	2005	2006
<u>Audit fees</u>	78	78	130
<u>Other fees</u> (audit related services / tax services)	36	45	30
<u>Total</u>	114	123	160

The Election Committee's proposal as regards revised Instructions for the Election Committee

The Election Committee proposes that the Annual General Meeting resolve to revise the Instructions for the Election Committee. The proposed changes concern principally the composition of the Election Committee and imply that the Annual General Meeting shall elect the Chairman of the Board and four additional members representing the largest shareholders ("Large Shareholder"), that, if a member represents a shareholder(s) that has/have sold the major part of its/their holding of Volvo shares and thereafter (i) is no longer to be considered a Large Shareholder and (ii) in terms of votes has become significantly smaller than the fourth largest shareholder in the Company measured in terms of votes, the Election Committee may decide to remove that member and, if deemed appropriate, offer another Large Shareholder a seat on the Election Committee, that a member may be replaced if it leaves the Election Committee or if its affiliation with the relevant Large Shareholder ceases and that the Election Committee may offer, in turn in relation to voting strength, other Large Shareholders to appoint a member of the Election Committee so as to reflect in this manner the ownership in the Company. However, the number of members of the Election Committee may never exceed seven and the Election Committee shall

determine itself which shareholders should be considered Large Shareholders for the purpose of applying the Instructions. The proposed changes also include an explicit duty for the Election Committee to propose members of the Election Committee.

The proposed new Instructions read as follows.

INSTRUCTIONS FOR THE AB VOLVO ("THE COMPANY") ELECTION COMMITTEE, TO BE ADOPTED AT THE ANNUAL GENERAL MEETING ON APRIL 4, 2007

It follows from the Swedish Code of Corporate Governance ("the Code") that companies that are subject to the Code shall have an Election Committee that represents the company's shareholders. The Election Committee is thus a body of the shareholders' meeting that prepares decisions on certain appointments to be taken by the shareholders at the Shareholders' Meeting. The main task of the Election Committee is to propose candidates for election to the Board of Directors including the Chairman of the Board, election of members of the Election Committee and, where applicable, candidates for election of auditors. When nominating persons for election to the Board of Directors, the Election Committee shall, according to the Code, i.a. determine whether, in its view, the persons nominated for election are considered to be independent of the company and its senior management as well as of major shareholders in the company. In addition, the Election Committee shall propose a candidate for election of Chairman of the General Meeting of Shareholders. The Election Committee also prepares proposals concerning fees to the Chairman of the Board, the other Board members and the auditors, which fees are presented at the Annual General Meeting for resolution.

1. Appointment of the Election Committee

- 1.1 The Annual General Meeting elects five members of the Election Committee. Four of these are to represent the largest shareholders in the Company based on votes who have expressed their willingness to participate in the Election Committee ("Large Shareholder"). In the election of these members, it shall be stated which Large Shareholder the member represents. One of the members is to be the Chairman of the Board of the Company.
- 1.2 If a member represents a shareholder(s) that has/have sold the major part of its/their holding of Volvo shares and thereafter (i) is no longer to be considered a Large Shareholder and (ii) in terms of votes has become significantly smaller than the fourth largest shareholder in the Company measured in terms of votes, the Election Committee may decide that the member shall resign from the Election Committee. If such occurs, the Election Committee may, if it considers it appropriate, offer another representative of Large Shareholders a position on the Election Committee.
- 1.3 If a member's affiliation with the Large Shareholder ceases – for example, through termination of employment – the same Large Shareholder shall be entitled to appoint a new member to replace the previous member who no longer represents the Large Shareholder. This shall be effected through notice of such being sent from the Large Shareholder to the Chairman of the Election Committee (or, if it is the Chairman who is being replaced, to another member of the Election Committee) stating the name of the member being replaced and the name of the new member.
- 1.4 If a member leaves the Election Committee for some other reason, the Election Committee, if it so finds appropriate, may offer another representative of Large Shareholder(s) a position on the Election Committee. Notice of resignation is sent from the member to the Chairman of the Election Committee (or, if it is the Chairman who is resigning, to another member of the Election Committee).
- 1.5 The Election Committee may offer other major shareholders to appoint a representative as a member of the Election Committee so as to reflect in this manner the ownership in the Company. If such an offer is to be made it should be directed in turn to the largest shareholders in terms of voting rights not already being represented on the Election Committee. However, the number of members of the Election Committee may never exceed seven.
- 1.6 If the general meeting has not decided otherwise, the members of the Election Committee shall elect a chairman from within its number. The Chairman of the Board of the Company shall not be appointed as chairman of the Election Committee.
- 1.7 It is the task of the Election Committee to determine which shareholders should be considered as Large Shareholder(s) when applying sections 1.2 and 1.4 and as major shareholders when applying section 1.5.

2. Duties

The Election Committee shall have the following duties.

2.1 *Board*

- 2.1.1 The Election Committee shall make proposals regarding the chairman and other members of the board as well as the board fee, for the chairman and other members, and any reimbursement for committee work.
- 2.1.2 The proposal of the Election Committee shall be presented to the Company well in advance in order for the proposal to be presented in the summons to the general meeting and at the same time be presented on the Company's website.
- 2.1.3 The Election Committee shall at the same time information is presented to the Company according to 2.1.2 also furnish the requisite information regarding the proposed board members in order for the Company to present the following information on the Company's website:
- age, main education and work experience,
 - assignments in the Company and other assignments of importance,
 - shares and other financial instruments in the Company held by the person in question as well as related physical or legal entities,
 - if, according to the Election Committee, the member is deemed to be independent of the Company, the Company management and major shareholders in the Company,
 - in conjunction with re-election, the year in which the member was elected to the board, and
 - other information that could be of importance to the shareholders in making an assessment of the proposed member's expertise and independence.
- 2.1.4 The Election Committee shall at the same time information is furnished to the Company according to 2.1.2 also provide an account of how the Election Committee has performed its work so that a report can be presented on the Company's website.
- 2.1.5 The Election Committee shall make a presentation at the general meeting and give reasons for its proposals, whereupon a specific reason shall be given if no renewal of the board is proposed. The Election Committee shall also provide an account of how its work has been performed.
- 2.2 *Auditor*
- 2.2.1 In the years in which an auditor for the Company is to be elected the Election Committee shall present a proposal for election of and payment to the auditor. The Election Committee shall then use as a term of reference the preparation of the election made within the audit committee of the Company.
- 2.2.2 The Company shall be notified of the Election Committee's proposal well in advance so that the proposal can be presented in the summons to the general meeting and at the same time be presented on the Company's website.
- 2.2.3 The Election Committee shall, at the same time information is furnished to the Company according to 2.2.2, also furnish the information necessary to allow the Company to provide information about circumstances that could be of significance to shareholders in making an assessment of the expertise and independence of the auditor proposed on the Company's website.
- 2.2.4 The Election Committee shall at the same time information is furnished to the Company according to 2.2.2 also provide an account of how the Election Committee has performed its work so that this account can be presented on the Company's website.
- 2.2.5 The Election Committee shall present and give reasons for its proposals at the general meeting and provide an account of how the Election Committee's work has been performed.
- 2.3 *Chairman for the meeting*
- 2.3.1 The Election Committee shall present a proposal for a chairman for the annual general meeting.
- 2.3.2 The Election Committee's proposal shall be presented to the Company well in advance so that the proposal can be presented in the summons to the meeting.
- 2.4 *Members of the Election Committee*
- 2.4.1 The Election Committee shall submit proposals for the members of the following year's Election Committee. In such a case, the Election Committee shall indicate which Large Shareholders the members represent.
- 2.4.2 The Election Committee's proposal shall be presented to the Company in adequate time so that the proposal can be included in notifications of general meetings.

3. Meetings

- 3.1 The Election Committee shall meet as often as necessary for the Election Committee to perform its duties. A summons to a meeting is sent out by the chairman of the Election Committee, however, to the first meeting this is done by the Chairman of the Board. If a member requests that the Election Committee be convened, this request shall be complied with.
- 3.2 The Election Committee shall form a quorum if more than half of the members are present – which, however, may not number fewer than three. No decisions may be reached, however, unless all members, have been offered the opportunity to be involved in dealing with the matter.
- 3.3 A decision by the Election Committee applies when more than half of the members present vote for or, in the event of a tied vote, the opinion supported by the chairman.
- 3.4 At the Election Committee meetings minutes should be taken which are signed and verified by the chairman and the member appointed by the Election Committee. The minutes shall be taken and filed in the manner applicable to board minutes.

4. Confidentiality

- 4.1 A member of the Election Committee is subject to a confidentiality obligation concerning the Company's business and this obligation shall, at the Company's request, be confirmed by the member through the signing of a special non-disclosure agreement between the member and the Company.

5. Fee and cost reimbursement

- 5.1 A fee can be payable to the members of the Election Committee following a decision thereon at the general meeting.
- 5.2 The members of the Election Committee are entitled to payment from the Company for reasonable, confirmed costs incurred in the discharge of the assignment as well as, for example, costs for recruitment services.
- 5.3 The Election Committee shall, in conjunction with the presentation of the report on its work at the annual general meeting, report payments under this point.

6. Amendments to instruction

- 6.1 The Election Committee shall evaluate these instructions and the work of the Election Committee on an ongoing basis and present a proposal at the general meeting for changes to these instructions that the Election Committee has deemed appropriate.

The Election Committee's proposal as regards members of the Election Committee

The Election Committee proposes that the Annual General Meeting elects the following persons to serve as members of the Election Committee and resolves that no fees shall be paid to the members of the Election Committee.

The Chairman of the Board

Carl-Olof By, representing Svenska Handelsbanken, SHB Pension Fund, SHB Pensionskassa, SHB Employee Fund and Oktogonen

Lars Förberg, representing Violet Partners LP

Björn Lind, representing SEB Fonder / Trygg Försäkring

Thierry Moulouquet, representing Renault SAS

Presentation of the activities carried out by the Election Committee

At the 2006 Annual General Meeting of shareholders in AB Volvo, the following were appointed to the Election Committee.

Finn Johnsson, Chairman of the Board

Curt Källströmer, representing Svenska Handelsbanken and others

Thierry Moulouquet, representing Renault s.a.s.

Björn Lind, representing SEB Funds and others

Eva Halvarsson, representing the Second AP Fund

Due to changes in ownership in AB Volvo, Lars Förberg, representing Violet Partners LP, became a member of the Election Committee in November 2007 in accordance with the Instructions for the Election Committee. Eva Halvarsson, representing Second AP Fund, was at the same time co-opted to the Election Committee.

The Election Committee held its first meeting on June 28, 2007, at which Curt Källströmer was appointed Chairman. The Election Committee has subsequently held eleven meetings. These meetings have mainly been devoted to the evaluation of the performance of the current Board, discussion of the need to undertake new recruitment and discussion relating to potential new Board members.

The evaluation of the current Board has included i.a. a report from the Board Chairman Finn Johnsson to the Election Committee on the Board's recurring self-evaluation process. The Election Committee also studied the procedural instructions that apply to the work of the Board of Directors and to the allocation of duties between the Board and the Chairman of the Board.

The Election Committee found that, there is a need in the long term to renew the Board. For this reason, the Election Committee decided at an early stage to engage the services of Egon Zehnder International (EZI), a recruitment consultant, to assist the Election Committee in identifying candidates for future work on the Volvo Board. With the help of EZI, a list of potential candidates for the Board of Directors was developed, which was thereafter discussed and reduced to a short list of candidates. The Election Committee then held interviews with the short-listed candidates. Finally, the Election Committee decided to propose that the 2007 Annual General Meeting re-elect Peter Bijur, Per-Olof Eriksson, Tom Hedelius, Leif Johansson, the Board Chairman Finn Johnsson, Philippe Klein, Louis Schweitzer and Ying Yeh, and to elect, for the first time, Lars Westerberg.

Lars Förberg, representing Violet Partners in the Election Committee, abstained from voting in connection with the decision of the Election Committee regarding the proposal on Board members for the following reasons. In addition to supporting the election of Lars Westerberg, Förberg had proposed candidates that in his view would provide the Volvo Board an additional rejuvenation and complementary skills and experience. At the same time Förberg considered the likelihood of obtaining a majority to support alternative Board candidates at the Volvo Annual General Meeting as low. Accordingly, he abstained from opposing the proposal of the Election Committee.

As regards the question of Auditors, the Election Committee met with the Chairman of the Audit Committee, Per-Olof Eriksson, who reported on the Audit Committee's evaluation of the work performed by the present Auditors, PricewaterhouseCoopers AB, and the Audit Committee's recommendations for the future. Based on that report, the Election Committee found it to be in the best interest of Volvo to propose the re-election of said firm for a period of another three years.

At the Election Committee's meetings, the Committee also discussed and formulated proposals to the 2007 Annual General Meeting as regards the Chairman of the Annual General Meeting, the number of Board members and deputy Board members, the fees to be paid to Board members and Auditors, and the new instructions to the Election Committee. As regards fees to Board members, the Election Committee had a benchmark study performed, which assisted the Election Committee in its proposal regarding fees to Board members.

The costs incurred in the Election Committee's discharge of its assignment amounts to SEK 596,000.

AB Volvo, Election Committee for the 2007 Annual General Meeting
through
Curt Källströmer