

ANNUAL GENERAL MEETING  
OF AB VOLVO (publ)

Shareholders in AB Volvo (publ) are hereby invited to attend the Annual General Meeting in Göteborg, Lisebergshallen, entrance from Örgrytevägen, Wednesday, April 1, 2009, at 3:00 p.m.

Proposed agenda

Matters:

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Verification of the voting list
4. Approval of the agenda
5. Election of minutes-checkers and vote controllers
6. Determination of whether the Meeting has been duly convened
7. Presentation of the work of the Board and Board committees
8. Presentation of the Annual Report and the Auditors' Report as well as the Consolidated Accounts and the Auditors' Report on the Consolidated Accounts. In connection therewith, the President's account of the operations
9. Adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet
10. The disposition to be made of the Company's profits
11. The discharge of the members of the Board and of the President from liability
12. Determination of the number of members and deputy members of the Board of Directors to be elected by the Meeting
13. Determination of the remuneration to be paid to the Board of Directors
14. Election of the Board of Directors
15. Election of members of the Election Committee
16. The Board of Directors' proposal for amendment of the Articles of Association
17. The Board of Directors' proposal for a decision on the adoption of a Remuneration Policy for senior executives
18. The Board of Directors' proposal for a decision on
  - A. a share-based incentive program 2009/2010 – 2011/2012 for senior executives, and
  - B. the transfer of repurchased shares in the Company to the participants in the program

Motions

**Point 2:** The Election Committee proposes Sven Unger, Attorney at law, to be the Chairman of the Meeting.

**Point 10:** The Board of Directors proposes that a dividend of SEK 2.00 per share shall be paid. Monday, April 6, 2009 is proposed as the record date to receive the dividend. Payment of the cash dividend is expected to occur through Euroclear Sweden AB (formerly VPC AB) on Thursday April 9, 2009.

**Point 12:** The Election Committee proposes nine permanent members and no deputy members.

**Point 13:** The Election Committee proposes that the individual fees shall remain on the same level as during 2008. The Election Committee accordingly proposes that 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. It is further proposed that the Chairman of the Audit Committee is awarded SEK 250,000 and the other two members in the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

**Point 14:** Tom Hedelius and Philippe Klein do not stand for re-election. The Election Committee proposes re-election of Peter Bijur, Leif Johansson, Finn Johnsson as Chairman, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh. The Election Committee further proposes the election, for the first time, of Jean-Baptiste Duzan and Anders Nyrén. A presentation of the candidates proposed by the Election Committee is available on the Company's website; [www.volvokoncernen.se](http://www.volvokoncernen.se) or [www.volvogroup.com](http://www.volvogroup.com).

**Point 15:** The Election Committee proposes that the Chairman of the Board, Finn Johnsson, Carl-Olof By, representing AB Industrivärden, Lars Förberg, representing Violet Partners LP, Lars Öhrstedt, representing AFA Försäkring and Thierry Moulouguet, representing Renault s.a.s., are elected members of the Election Committee and that no fees shall be paid to the members of the Election Committee.

**Point 16:** The Board of Directors proposes that the Annual General Meeting decides that Article 7 of the Articles of Association is amended as follows:

Existing wording of Article 7: Notice to attend a General Meeting shall be issued in the form of announcements in Post- och Inrikes Tidningar and Dagens Nyheter. In addition, announcements shall be made in a daily newspaper in Gothenburg and a daily newspaper in Malmö.

Proposed wording Article 7: Notice to attend a General Meeting shall be issued in the form of announcements in Post- och Inrikes Tidningar and on the Company's website. The fact that notice has been issued shall be announced in Dagens Nyheter and Göteborgs-Posten.

The Board furthermore proposes that the decision of the Annual General Meeting regarding the amendment of the Articles of Association shall be made conditional upon that amended provisions in the Swedish Companies Act (SFS 2005:551) regarding how to issue notice to attend General Meetings has entered into force, resulting in that the proposed wording of Article 7 above is consistent with the Swedish Companies Act.

If a decision by the General Meeting regarding the Board's proposal under Point 16 is to be valid, the decision must be supported by shareholders with at least two thirds of both the votes cast and the shares represented at the General Meeting.

**Point 17:** The Board proposes that the Annual General Meeting decides to adopt the following Remuneration Policy for senior executives.

This Policy concerns the remuneration and other terms of employment for the Group Executive Committee of the Volvo Group. The members of the Group Executive Committee, including the President and any possible Executive Vice President, are in the following referred to as the "Executives".

This Policy will be valid for employment agreements entered into after the approval of the Policy by the Annual General Meeting and for changes made to existing employment agreements thereafter.

## 1. Guiding principles for remuneration and other terms of employment

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Volvo Group can attract and retain competent Executives.

The annual report 2008 sets out details on the total remuneration and benefits awarded to the Executives during 2008.

## 2. The principles for fixed salaries

The Executive's fixed salary shall be competitive and based on the individual Executive's responsibilities and performance.

## 3. The principal terms of variable salary and incentive schemes, including the relation between fixed and variable components of the remuneration and the linkage between performance and remuneration

The Executives may receive variable salaries in addition to fixed salaries. The variable salary may, as regards the President, amount to a maximum of 65% of the fixed annual salary and, as regards the other Executives, a maximum of 60% of the fixed annual salary.

The variable salary may be based on i.a. the performance of the entire Volvo Group or the performance of the Business Area or Business Unit where the Executive is employed. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board and may relate to i.a. operating income or cash flow.

The Board will, for each financial year, evaluate whether a share or share-price related incentive program comprising the year in question will be proposed to the Annual General Meeting or not. Such proposal may concern a program comprising one or several financial years. The Annual General Meeting decides upon such programs. The Board of Directors has decided to propose that the Annual General Meeting 2009 approves the adoption of a share-based incentive program relating to the financial years 2009 up until and including 2011.

The Executives are also participating in Volvo's Profit Sharing Program (VPS), which applies to the majority of the Volvo Group's employees and which can give a maximum individual result of SEK 8,500 per year, provided AB Volvo's return on equity (ROE) amounts to 20% or more. Results under VPS are principally placed in Volvo shares, and they can be disposed of on the individual level after three years, at the earliest.

## 4. The principal terms of non-monetary benefits, pension, notice of termination and severance pay

### 4.1 Non-monetary benefits

The Executives will be entitled to customary non-monetary benefits such as company cars and company health care. In addition thereto in individual cases company housing and other benefits may also be offered.

## 4.2 Pension

In addition to pension benefits which the Executives are entitled to according to law and collective bargaining agreements, Executives resident in Sweden may be offered defined-contribution plans with annual premiums amounting to SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts. In the defined-contribution plan, the pension earned will correspond to the sum of paid-in premiums and possible return without any guaranteed level of pension received by the employee. In the defined-contribution plan, no definite retirement date is set.

Some of the Executives have earlier been entitled to defined-benefit pension plans, but the majority of the Executives have re-negotiated these to the new system of defined-contribution plans. In connection therewith, agreements have in some cases been reached on individual adjusting premiums in accordance with actuarial calculations.

Previous pension agreements for certain Executives stipulated that early retirement could be obtained from the age of 60. Such agreements are no longer signed and the majority of the Executives that earlier were entitled to such defined-benefits pension plans have agreed to exchange these for defined-contribution plans without any defined point of time for retirement. The premium amounts to 10% of the pensionable salary plus individual adjusting premiums based on actuarial calculations in some cases.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered pension benefits, that are competitive in the country in which the Executives are or have been resident or to which the Executives have a material connection preferably defined contribution plans.

## 4.3 Notice of termination and severance pay

For Executives resident in Sweden, the termination period from the Company will be 12 months and 6 months from the Executive. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to 12 months severance pay.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in Sweden.

## 5. The Board's preparation and decision-making on issues concerning remuneration and other terms of employment for the Group Executive Committee

The Remuneration Committee recommends, and the Board decides on, the remuneration and other terms of employment for the President and any possible Executive Vice President. The Remuneration Committee decides on the remuneration and other terms of employment for the other members of the Group Executive Committee, in accordance with the principles decided by the Board.

The Remuneration Committee is further responsible for the review and recommendation to the Board of share and share-price related incentive programs to be decided upon by the Annual General Meeting.

## 6. Deviations from this Policy

The Board of Directors may deviate from this Policy, except as regards section 3, third paragraph, if there are specific reasons to do so in an individual case.

## 7. Deviations from an earlier approved Policy

The Board of Directors has, in accordance with section 6 of the Remuneration Policy adopted by the Annual General Meeting 2008, deviated from section 3 of said Policy as regards variable salary to other Executives than the President. The Board has decided that the variable salary to other Executives than the President shall amount to a maximum of 60% of the fixed annual salary as from January 1, 2009. The reason for the deviation is that the remuneration for these Executives is revised on a calendar year basis and that the Board considered the deviation justified when adjusting the total remuneration to the Executives relative to the market.

## 8. Information on earlier decisions on remuneration that has not become due for payment at the time of the Annual General Meeting's consideration of this Policy

The decisions already taken on remuneration to the Executives fall within the frames of this policy, except that some of the Executives have a right to receive 24 months severance pay provided they are above 50 years of age.

**Point 18:** A. Since 2004, Volvo has had a yearly recurring share-based incentive program decided by the Annual General Meeting. The Board proposes, after preparation of the proposal by the Remuneration Committee, that the Annual General Meeting also this year resolves to implement a share-based incentive program for senior executives within the Volvo Group, comprising of the years 2009, 2010 and 2011 (the "Program").

The reason for the proposal is that the Board considers it to be in the interest of the company that the senior executives are given personal incentives that are linked to the financial performance of the Volvo Group. The main conditions for the Program are as follows.

1. Under the Program, a maximum of 4,425,000 Series B Volvo shares can, for each of the years 2009, 2010 and 2011, be allotted to a maximum of 275 senior executives, including the members of the Group Executive Committee and other executives nominated by the Board (the "Participants"). Shares will be allotted provided the Volvo Group's Return On Equity (ROE), (net income / shareholders' equity), calculated on the basis of the Volvo Group's annual reports for each of the years 2009, 2010 and 2011, is higher than 12 per cent. Maximum allotment will, for each of the years, be effected if ROE reaches 15 per cent and shares will be allotted proportionally within the interval in accordance with the Board's instructions. Allotment shall be executed within 6 months after the end of 2009, 2010 and 2011 respectively.

2. Preferential rights to acquire shares shall accrue to the Participants in the Program for each of the years. Over-subscription is not permitted. The President and CEO may receive a maximum of 60,000 shares for each of the years while the other Participants may receive a maximum of 15,000 – 30,000 shares each for each of the years.

3. Participants not resident in Sweden at the time of allotment may, to the extent AB Volvo considers it favourable from a cost or administrative perspective, instead of shares, receive an amount in cash corresponding to the market value of the shares at the time of allotment.

4. The Participants shall not pay anything for their rights under the Program.
5. The shares to be allotted under the Program shall be existing shares. The company may fulfil its obligations to deliver shares under the Program either through a third party, which would acquire and transfer the shares in its own name, or, subject to the approval by the Annual General Meeting in accordance with item B. below, by transferring shares held by AB Volvo in the company.
6. A Participant may receive shares or cash only if he or she remains employed within the Volvo Group at the time of allotment. However, if the Participant retires with pension before allotment, he or she may be entitled to receive a proportional amount of shares or cash notwithstanding such retirement.
7. Shares may be transferred on one or more occasions.
8. The Chairman of the Board is authorized to decide on minor changes of the Program, to the extent such are required in order to satisfy legal requirements governing the implementation of the Program.
9. Assuming that the maximum amount of shares (4,425,000 yearly) will be allotted, the company's cost for the Program will for each of the years (2009, 2010 and 2011) amount to a maximum of 184 million Swedish kronor including social fees, calculated on a share price at implementation of the Program for each of the years of 35.50 kronor, corresponding to the share price on February 24, 2009

B. The Board further proposes that the Annual General Meeting 2009 should approve the transfer of shares in the company held by the company itself at any time to the Participants under the Program in order to fulfil the company's undertakings in accordance with the Program on the following terms.

1. No more than 13,275,000 Series B shares may be transferred within the scope of the Program for the years 2009, 2010 and 2011 in total. However, no more than 4,425,000 Series B shares may be transferred within the scope of the Program for each of the years 2009, 2010 and 2011.
2. Preferential rights to acquire shares shall accrue to the Participants who are entitled to acquire shares in accordance with the terms and conditions of the Program.
3. The preferential rights of Participants to acquire shares are to be exercised within six months after the end of 2009, 2010 and 2011 respectively.
4. The Participants shall not pay anything for the shares acquired under the Program.
5. Shares may be transferred on one or more occasions.

The reason for deviation from shareholders' preferential rights is to minimize the cash flow effects of fulfilling the commitments under the Program.

If a decision by the General Meeting regarding the Board's proposal under item B is to be valid, the decision must be supported by shareholders with at least nine-tenths of both the votes cast and the shares represented at the General Meeting.

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For information purposes, it should be noted that it will be required by the Participants in the Program that they keep any shares possibly received for a period of three years from the date of allotment. However, shares received may be sold earlier if and to the extent required to free the cash needed to pay the tax due by reason of the allotment or if needed due to personal reasons, provided such sale is approved in advance by the Group Executive Committee member responsible for HR.

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### **Annual Report, etc.**

The Annual report, the Auditor's Report, the Board's statement relating to the proposed dividend, the Board's complete proposals in accordance with Point 16, 17 and 18, as well as the Auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act will be available at AB Volvo's Headquarters, Volvo Bergegårds väg, Göteborg, beginning March 17, 2009 and will be sent on request to such shareholders who provide their address.

### **Right to participate in the Meeting**

Participation in Volvo's Annual General Meeting is limited to shareholders who are recorded as shareholders in the printout of the share register made on March 26, 2009 and who advise Volvo not later than March 26, 2009 of their intention to participate.

### **Registration in the share register**

Volvo's share register is maintained by Euroclear Sweden AB (formerly VPC AB). Only owner-registered shares are listed in the names of the shareholders in the share register. To be entitled to participate in the Annual General Meeting, owners of shares registered in the name of a trustee must have the shares registered in their own names. Shareholders who have trustee-registered shares should request the bank or broker holding the shares to request temporary owner-registration, so-called voting-right registration, several banking days prior to March 26, 2009. Trustees normally charge a fee for this.

### **The number of shares and votes**

On the record date deciding the right to participate in the Annual General Meeting (March 26, 2009), the total number of shares in the Company is 2,128,420,220, distributed among 677,601,630 series A shares and 1,450,818,590 series B shares and the total number of votes is 822,683,489.

### **Notice to Volvo**

Notice of intention to participate in the Meeting may be given

- by telephone to Volvo's switchboard +46 31 66 00 00
- in writing to:
  - AB Volvo (publ)
  - Legal Department
  - SE-405 08 Göteborg, Sweden
- via Volvo's website; [www.volvokoncernen.se](http://www.volvokoncernen.se) or [www.volvogroup.com](http://www.volvogroup.com)

In providing such notice, the shareholder should state

- name
- personal registration number (corporate registration number)
- address and telephone number
- name and personal registration number of the proxy, if any
- name(s) of any accompanying assistant(s)

Shareholders who wish to participate in the Meeting, must submit notice prior to expiration of the notice period, no later than March 26, 2009. The notice of intention to participate in the Meeting should have reached Volvo preferably before 12.00 noon Swedish local time. If you wish to be accompanied by an assistant, notification to this effect must be provided as specified above.

**Program for shareholders**

1:15 p.m.	Liseberg's main entrance open
1:30 p.m.	Doors to Meeting hall open
3.00 p.m.	Annual General Meeting begins

Refreshments will be served at the entrance.

This advertisement is also available at [www.volvokoncernen.se](http://www.volvokoncernen.se) and at [www.volvogroup.com](http://www.volvogroup.com)