

The Board of Directors' of AB Volvo proposal to the 2012 Annual General Meeting on the disposition to be made of the Company's profits, including the Board's statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act (point 10 on the proposed agenda).

AB Volvo

Retained earnings	26,787,875,659.22
Income for the period 2011	5,480,540,903.23
Total retained earnings	32,268,416,562.45

The Board of Directors and the President propose that the above sum be disposed of as follows:

To the shareholders, a dividend of SEK 3.00 per share	6,082,283,862.00 ¹
To be carried forward	26,186,132,700.45
Total	32,268,416,562.45

The record date for determining who is entitled to receive dividends is proposed to be Wednesday April 11, 2012.

In view of the Board of Directors' proposal to the Annual General Meeting to be held April 4, 2012 to decide on the distribution of a dividend of SEK 3.00 per share, the Board hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The Board of Directors concludes that the Company's restricted equity is fully covered after the proposed dividend. The Board further concludes that the proposed dividend is justifiable in view of the parameters set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. In connection herewith, the Board wishes to point out the following.

The proposed dividend reduces the Company's solvency from 54.7 per cent to 50.9 per cent and the Group's solvency from 24.3 per cent to 22.9 per cent, calculated as per year end 2011. The Board of Directors considers this solvency to be satisfactory with regard to the business in which the Group is active.

According to the Board of Directors' opinion, the proposed dividend will not affect the Company's or the Group's ability to fulfil their payment obligations and the Company and the Group are well prepared to handle both changes in the liquidity and unexpected events.

The Board of Directors is of the opinion that the Company and the Group have capacity to assume future business risks as well as to bear contingent losses. The proposed dividend is not expected to adversely affect the Company's and the Group's ability to make further commercially justified investments in accordance with the Board of Directors' plans.

In addition to what has been stated above, the Board of Directors has considered other known circumstances which may be of importance for the Company's and the Group's financial position. In doing so, no circumstance has appeared that does not justify the proposed dividend.

If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, SEK 26,186,132,700.45 will remain of the Company's non-restricted equity, calculated as per year end 2011.

The Board of Directors has the view that the Company's and the Group's shareholders' equity will, after the proposed dividend, be sufficient in relation to the nature, scope and risks of the business.

Had the assets and liabilities not been estimated at their market value pursuant to Chapter 4, Section 14 a of the Swedish Annual Accounts Act, the company's shareholders' equity would have been SEK 34,680,896.00 less.

¹ The total dividend amount is based on the number of outstanding shares as of February 23, 2012, i.e. 2,027,427,954 shares. The total dividend amount may change before the record date for determining who is entitled to receive dividends due to transfer of treasury shares to participants in the company's long-term, share-based incentive program.