



AGENDA FOR THE ANNUAL GENERAL MEETING OF AB VOLVO (publ)

WEDNESDAY APRIL 2, 2014

1. Opening of the Meeting

2. Election of Chairman of the Meeting

Proposal by the Election Committee:
Mr Sven Unger, Attorney at law

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

Notice to attend the meeting has been issued by announcement in Post- och Inrikes Tidningar on Tuesday March 4, 2014, and by the notice having been available on the company's website since Tuesday March 4, 2014. The fact that notice has been issued has been advertised on Tuesday March 4, 2014 in Dagens Nyheter and Göteborgs-Posten.

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, speech by the President

9. Adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet

10. Resolution in respect of the disposition to be made of the Company's profits

Proposal:
The Board of Directors and the President propose that the profits available to the Meeting be disposed of as follows:

To the shareholders, a dividend of	
SEK 3.00 per share in AB Volvo	SEK 6,084,366,765.00
To be carried forward	<u>SEK 18,608,259,739.60</u>
	SEK 24,692,626,504.60

It is proposed that the record date for determining who is entitled to receive dividends shall be Monday April 7, 2014.

The Board of Directors' statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act (2005:551) is attached as Enclosure 1.

11. Resolution regarding discharge from liability of the members of the Board and of the President
12. Determination of the number of members and deputy members of the Board of Directors to be elected by the Meeting

Proposal by the Election Committee:

Nine members and no deputy members.

All proposals made by the Election Committee and the information concerning the proposed directors and the statement explaining the proposals regarding the Board of Directors that according to the Swedish Corporate Governance Code shall be available on the company's website and a presentation of the activities carried out by the Election Committee are attached as Enclosure 2.

13. Determination of the remuneration to be paid to the Board members

Proposal by the Election Committee:

The Election Committee proposes that the Chairman of the Board is awarded SEK 3,250,000 and each of the other Board members elected by the Annual General Meeting SEK 950,000 with the exception of the President. Furthermore, it is proposed that the Chairman of the Audit Committee is awarded SEK 300,000, the other members in the Audit Committee SEK 150,000 each and that the Chairman of the Remuneration Committee is awarded SEK 125,000 and the other members of the Remuneration Committee SEK 100,000 each.

14. Determination of the remuneration to be paid to the Auditors

Proposal by the Election Committee:

The Election Committee proposes that the fee to the Auditors shall be paid in accordance with approved invoice.

15. Election of the Board members and Chairman of the Board

Proposal by the Election Committee, members:

For the period until the close of the next Annual General Meeting,

re-election of:

Jean-Baptiste Duzan,
Hanne de Mora,
Anders Nyrén,
Olof Persson,
Carl-Henric Svanberg, and

Lars Westerberg.

election of:

Matti Alahuhta,
James W. Griffith, and
Kathryn V. Marinello.

The Election Committee further proposes re-election of Carl-Henric Svanberg as Chairman of the Board.

The proposed persons have the assignments as shown in [Enclosure 3](#).

The employee organizations have through separate elections designated the following

members:

Peteris Lauberts (PTK)
Mikael Sällström (LO)
Berth Thulin (LO)

deputy members:

Lars Ask (LO)
Hans Hansson (PTK)

16. Election of Auditors and Deputy Auditors

Proposal by the Election Committee:

The Election Committee proposes that the registered firm of auditors PricewaterhouseCoopers AB is elected as auditor for a period of four years – until the close of the Annual General Meeting held during the fourth financial year after the appointment of auditors.

17. Election of members of the Election Committee

Proposal by 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, all in accordance with the instructions for the Election Committee:

- The Chairman of the Board of Directors
- Carl-Olof By, representing AB Industrivärden
- Lars Förberg, representing Cevian Capital
- Yngve Slyngstad, representing Norges Bank Investment Management
- Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

18. Resolution regarding amendment of the Instructions for the AB Volvo Election Committee

The Election Committee's proposal is attached hereto as [Enclosure 4](#).

19. Resolution on the adoption of a Remuneration Policy for senior executives

The Board of Directors' proposal is attached hereto as [Enclosure 5](#).

20. Resolution on the Board of Directors' proposal for a long-term share-based incentive plan for senior executives comprising the years 2014-2016 including resolutions regarding
 - A. adoption of a share-based incentive plan, and
 - B. transfer of treasury shares to participants in the plan

The Board of Directors' proposal is attached hereto as Enclosure 6.

The Board of Directors' statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act (2005:551)¹

In view of the Board of Directors' proposal to the Annual General Meeting to be held April 2, 2014 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 44.7 per cent to 40.0 per cent and the Group's solvency from 22.4 per cent to 21.0 per cent, calculated as per year end 2013. 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 18,608,327,308.60 will remain of the Company's non-restricted equity, calculated as per year end 2013.

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 958,188,903.00 less.

¹ The Board of Directors' statement was given on February 21, 2014, when the number of outstanding shares was 2,028,099,732. Due to transfers of treasury shares to participants in Volvo's long-term, share-based incentive program, carried out thereafter, the number of outstanding shares and the total dividend amount has changed as follows from the agenda.

Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2014

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

The Election Committee proposes Sven Unger, attorney, 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 to be elected by the Annual General Meeting

The Election Committee proposes nine members and no deputy members.

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

The Election Committee proposes that the Chairman of the Board is awarded SEK 3,250,000 and each of the other members elected by the Annual General Meeting SEK 950,000 with the exception of the President. Furthermore, it is proposed that the Chairman of the Audit Committee is awarded SEK 300,000 and the other members of the Audit Committee SEK 150,000 each and that the Chairman of the Remuneration Committee is awarded SEK 125,000 and the other members of the Remuneration Committee SEK 100,000 each.

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

The Election Committee proposes that the fee to the Auditors shall be paid in accordance with an approved invoice.

The Election Committee's proposal as regards election of Board members and Chairman of the Board

Peter Bijur, Ravi Venkatesan and Ying Yeh do not stand for re-election. The Election Committee proposes re-election of Jean-Baptiste Duzan, Hanne de Mora, Anders Nyrén, Olof Persson, Carl-Henric Svanberg and Lars Westerberg. The Election Committee proposes new election of Matti Alahuhta, James W. Griffith and Kathryn V. Marinello.

The Election Committee proposes re-election of Carl-Henric Svanberg as Chairman of the Board.

Information relating to the proposed Board members is set out below.

Carl-Henric Svanberg

Born 1952. Master of Science, B. Sc. Business Administration.

Member of the Volvo Board since: Chairman since 2012

Board Chairman: BP p.l.c.

Holdings in Volvo, own and related parties: 700,000 Series B shares.

Principal work experience: Has held various positions at Asea Brown Boveri (ABB) and at Securitas AB; President and Chief Executive Officer of Assa Abloy AB; President and Chief Executive Officer of Telefonaktiebolaget LM Ericsson; member of the External Advisory Board of the Earth Institute at Columbia University and the Advisory Board of Harvard Kennedy School.

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

Matti Alahuhta

Born 1952, MSc and DSc.

President and Chief Executive Officer of Kone Corporation until March 31, 2014.

Board Chairman: Outotec Corporation and Aalto University Foundation

Vice Chairman: Confederation of Finnish Industries

Board member: Kone Corporation, UPM-Kymmene Corporation and International Institute for Management Development.

Holdings in Volvo, own and related parties: None

Principal work experience: Has held several management positions in the Nokia Group – President Nokia Telecommunications, President Nokia Mobile Phones and Chief Strategy Officer of the Nokia Group; President of Kone Corporation since 2005 and since 2006 also Chief Executive Officer.

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

Jean-Baptiste Duzan

Born 1946. Graduate at the Ecole Polytechnique.

Independent consultant.

Member of the Volvo Board since: 2009

Board Member: Nissan Motor Co. Ltd.

Holdings in Volvo, own and related parties: 1,000 Series B shares.

Principal work experience: Began his career at Citibank. Has held various positions within Renault since 1982 – director of financial services at Renault V.I.; Finance director of Renault credit; director of financial operations; project director for the car model Safrane; Senior Vice President, Purchasing; and joined the Renault Management Committee. He was also named Chairman and Managing Director, Renault Nissan Purchasing Organization. He was then named Group Controller. Now he works as an independent consultant.

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

James W. Griffith

Born 1954. BS and MBA, Stanford University.

President and Chief Executive Officer of The Timken Company.

Board member: The Timken Company, Illinois Tool Works Inc., Manufacturing Advocacy & Growth Network and US-China Business Council Inc.

Holdings in Volvo, own and related parties: 10,000 Series B shares.

Principal work experience: Started at The Timken Company in 1984, where he has held several management positions, such as responsible for Timken's bearing business activities in Asia, Pacific and Latin America and for the company's automotive business in North America. He was appointed President and Board member of the Timken Company in 1999 and in 2002 he was also appointed Chief Executive Officer.

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

Kathryn V. Marinello

Born 1956. BA, State University of New York at Albany and MBA, Hofstra University.

President and Chief Executive Officer of Stream Global Services, Inc.

Board Chairman: Stream Global Services, Inc.

Board member: General Motors Company

Holdings in Volvo, own and related parties: None

Principal work experience: Has held several management positions at Citibank, Chemical Bank New York (now JP Morgan Chase), First Bank Systems and First Data Corporation; Division President General Electric Financial Assurance Partnership Marketing and Division President General Electric Fleet Services; President and Chief Executive Officer at Ceridian Corporation and subsequently also Chairman. Chairman and Chief Executive Officer at Stream Global Services, Inc. since 2010.

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

Hanne de Mora

Born 1960. BA in Economics from HEC in Lausanne, MBA from IESE in Barcelona.

Member of the Volvo Board since: 2010

Board Chairman: a-connect (group) ag.

Board Member: Sandvik AB and IMD Foundation Board.

Holdings in Volvo, own and related parties: 3,000 Series B Shares.

Principal work experience: Credit Analyst Den Norske Creditbank in Luxemburg 1984, various positions within brand management and controlling within Procter & Gamble 1986-1989, Partner McKinsey & Company, Inc. 1989-2002, one of the founders and owners, also Chairman of the Board, of the global consulting firm and talent pool a-connect (group) ag since 2002.

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

Anders Nyrén

Born 1954. Graduate of the Stockholm School of Economics, MBA at UCLA.

President and Chief Executive Officer of AB Industrivärden.

Member of the Volvo Board since: 2009

Board Chairman: Sandvik AB and Svenska Handelsbanken.

Board Member: AB Industrivärden, Ernström & Co AB, Svenska Cellulosa Aktiebolaget SCA, Stockholm School of Economics and SSE Association.

Holdings in Volvo, own and related parties: 5,200 Series B Shares.

Principal work experience: Has worked for AB Wilhelm Becker. He has held various positions within STC – Controller, Executive Vice President and CFO, and President of STC Venture AB; President at OM International AB; Executive Vice President and CFO at Securum; Director with executive responsibility for Markets and Corporate Finance at Nordbanken; Executive Vice President and CFO at Skanska. Now he is President and Chief Executive Officer of AB Industrivärden.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Anders Nyrén is independent of the company and the company management. Anders Nyrén is President and Chief Executive Officer of AB Industrivärden, and is as such considered not to be independent thereof. Since AB Industrivärden controls more than 10 per cent of the votes in Volvo, he may not in the Election Committee's opinion be considered as independent of one of the company's major shareholders.

Olof Persson

Born 1964. B.Sc. in Business Administration and Economics.

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

Member of the Volvo Board since: 2011

Board Chairman: The German-Swedish Chamber of Commerce.

Member: European Round Table of Industrialists and The Royal Swedish Academy of Engineering Sciences.

Holdings in Volvo, own and related parties: 95,691 shares, whereof 95,640 Series B Shares.
Principal work experience: Began his career at ABB; has held a number of executive positions at AdTranz and Bombardier; president of Volvo Aero; president of Volvo Construction Equipment. Since 2011 he is President of AB Volvo and Chief Executive Officer of the Volvo Group.
Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence and that Olof Persson is the President of AB Volvo and Chief Executive Officer of the Volvo Group, the Election Committee considers that Olof Persson is independent of the company's major shareholders but not of the company and company management.

Lars Westerberg

Born 1948. Master of Science Engineering, Bachelor Business Administration.

Member of the Volvo Board since: 2007.

Board Chairman: Husqvarna AB.

Board member: SSAB Svenskt Stål AB, Sandvik AB, Meda AB and Stena AB.

Holdings in Volvo, own and related parties: 60,000 Series A shares.

Principal work experience: President and Chief Executive Officer of Gränges AB, ESAB AB and Autoliv Inc.

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

Statement explaining the proposals regarding the Board of Directors and the Board remuneration

Proposal regarding the Board of Directors

With respect to appropriate Board composition, the Election Committee considers the competence and experience of the individual Board members and also values that the Board collectively shall be well functioning and possess necessary breadth as regards both experience and skills. The Election Committee also considers the value of diversity, gender balance and a balance between the need for renewal and continuity in the Board.

Based on information that the Election Committee has received from the Chairman of the Board regarding the results of the evaluation of the current Board of Directors and its work, the Election Committee considers that the number of Directors is appropriate and that the Board is well functioning and collectively possesses broad qualifications and experiences relevant for the Volvo Group. Peter Bijur, Ravi Venkatesan and Ying Yeh do however not stand for re-election at the Annual General Meeting to be held in 2014. With regard thereto the Election Committee proposes re-election of the other six Directors and new election of Matti Alahuhta, James W. Griffith and Kathryn V. Marinello.

The Election Committee considers that each of the three candidates proposed for new election possesses qualifications and experiences relevant for the Volvo Group. The Committee further considers that the candidates jointly will constitute a valuable contribution to the Board and its work, and that the members proposed for re-election will ensure the required continuity. The proposed candidates will strengthen the Board with their solid global industrial and manufacturing experiences. It should be particularly noted that Matti Alahuhta has many years of experience from global manufacturing- and engineering operations, that also James W. Griffith has a solid background from global manufacturing industry and that Kathryn V. Marinello, in addition to a broad experience of leadership within large, global companies, possesses many years of experience as a Board member of General Motors Company.

In view of the above the Election Committee has concluded that the proposed Board collectively has diversity and the breadth of qualifications, experience and background required with regard to Volvo's operations and the phase of development of the Group.

Proposal regarding Board remuneration

The guiding principle for the remuneration to be paid to the members of the Board is that remuneration shall be competitive in order to ensure that Volvo can attract and retain competent Board members. In view of Volvo's global presence it is further essential that Volvo can attract people from different parts of the world with experience from the many different markets where Volvo is active. The matter of competitive Board remuneration levels should consequently be assessed from an international perspective.

The Election Committee has therefore conducted a benchmark study of Board remuneration paid by international companies in Scandinavia, Europe and also in the USA. Based on the outcome of that benchmark study the Committee has concluded that the remuneration paid to the members of the Volvo Board is lower than the Board remuneration paid in many other global companies situated in Europe and in the USA that are of comparable size and/or complexity.

It should also be noted that Volvo's operation is extensive and complex and that an assignment as Board member is demanding, both in terms of the time that needs to be devoted but also in terms of skills and commitment.

Based on the above the Election Committee is of the opinion that the proposed increase of the remuneration to be paid to the Board members elected by the Annual General Meeting from the current SEK 750,000 to SEK 950,000 and of the remuneration to be paid to the Chairman of the Board from the current SEK 2,250,000 to SEK 3,250,000 is justifiable. The Election Committee considers that the remuneration paid for work in the Board's committees is reasonable, why no change is proposed thereof.

The Election Committee's proposal as regards election of Auditors

The Election Committee proposes that the registered firm of auditors PricewaterhouseCoopers AB (PwC) is elected as auditor for a period of four years – until the close of the Annual General Meeting held during the fourth financial year after the appointment of auditors.

Statement explaining the proposal regarding election of Auditors

At the Annual General Meeting of AB Volvo held in 2010 PwC was elected auditors for a period of four years. The Annual General Meeting to be held in 2014 shall thus elect auditors for a new term and the Election Committee shall present a proposal to the Meeting regarding such election of auditors.

The term of office for the auditors stipulated in law is now one year, but according to the Articles of Association of AB Volvo the term of office for the auditors of Volvo is instead set at four years. The Articles of Association further stipulate that the company shall appoint a minimum of two and a maximum of three auditors and a minimum of two and a maximum of three deputy auditors or a registered firm of auditors.

The Board's Audit Committee has reported to the Election Committee that PwC's audit work has maintained a high quality and that the cooperation with the Lead Partner Peter Clemedtsen (who took over the role as Lead Partner for Volvo in 2012) has been well functioning. The Audit Committee has also reported that the current auditors should remain during the coming four-year term to ensure continuity during the restructuring process presently on-going within the Volvo Group.

The Audit Committee has recommended the Election Committee to propose election of PwC as auditors for a period of four years until the close of the Annual General Meeting to be held in 2018. The Election Committee shares the conclusions of the Audit Committee and therefore proposes election of PwC as auditors for a new four-year period.

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

According to the instructions for the AB Volvo Election Committee, the Annual General Meeting shall elect five Committee members, whereof four shall represent the largest shareholders in the company based on votes, who have expressed their willingness to participate in the Election Committee. The fifth member to be elected by the Annual General Meeting is the Chairman of the Board.

In accordance with the above mentioned instructions 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 of Directors
Carl-Olof By, representing AB Industrivärden
Lars Förberg, representing Cevian Capital
Yngve Slyngstad, representing Norges Bank Investment Management
Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

The Election Committee's proposal as regards amendment of the Instructions for Volvo's Election Committee

The Election Committee proposes that the Annual General Meeting resolves to amend the Instructions for the AB Volvo Election Committee, according to Enclosure 1².

Presentation of the activities carried out by the Election Committee

At the 2013 Annual General Meeting of shareholders in AB Volvo, the following were appointed to the Election Committee.

Carl-Henric Svanberg, Chairman of the Board
Carl-Olof By, representing AB Industrivärden
Lars Förberg, representing Cevian Capital
Yngve Slyngstad, representing Norges Bank Investment Management
Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

The Election Committee held its first meeting on June 12, 2013, at which Carl-Olof By was appointed Chairman.

The Election Committee has held in total six meetings. These meetings have mainly been devoted to an evaluation of the performance of the current Board, discussions regarding the number of Board members, the need to undertake new recruitment to the Board, the fees to be paid to the Board members and the proposal for election of auditors and fee to be paid to the auditors.

In the process of recruiting three new Board members the Election Committee has engaged the international recruitment firm Korn/Ferry International and has considered several different candidates. Based on thorough evaluations and personal meetings with the candidates the Committee has decided to propose new election of Matti Alahuhta, James W. Griffith and Kathryn V. Marinello. As regards the Election Committee's further considerations concerning the proposals for election of Board members and Board remuneration, it is referred to the Committee's statement above.

Concerning the considerations of the Election Committee relating to the proposal for election of auditors, it is also referred to the Committee's statement above.

² Attached to the agenda as Enclosure 4.

The Election Committee has also during its meetings discussed and formulated proposals concerning the Chairman of the Annual General Meeting and members of the Election Committee 2014/2015, who are proposed as set forth in the instruction for the Election Committee.

The Election Committee has further evaluated the instructions and the work of the Election Committee and has come to the conclusion that it would be appropriate to clarify that a proposal concerning Election Committee members shall be based on the ownership structure as of the last Bank Day of January, however with the possibility for the Election Committee to take changes in the shareholding structure occurring thereafter into account, to the extent the Committee deems appropriate and practically possible. An amendment of the instructions to that effect is thus proposed. In connection therewith, it also proposed to make some minor amendments of the instructions constituting adjustments to the 2010 version of the Swedish Corporate Governance Code.

The costs incurred in the Election Committee's discharge of its assignment amount to SEK 1,202,019.58.

February 2014

Election Committee for the 2014 Annual General Meeting of AB Volvo

Carl-Henric Svanberg

Born 1952. Master of Science, B. Sc. Business Administration.

Member of the Volvo Board since: Chairman since 2012

Board Chairman: BP p.l.c.

Principal work experience: Has held various positions at Asea Brown Boveri (ABB) and at Securitas AB; President and Chief Executive Officer of Assa Abloy AB; President and Chief Executive Officer of Telefonaktiebolaget LM Ericsson; member of the External Advisory Board of the Earth Institute at Columbia University and the Advisory Board of Harvard Kennedy School.

Matti Alahuhta

Born 1952, MSc and DSc.

Board Chairman: Outotec Corporation and Aalto University Foundation

Vice Chairman: Confederation of Finnish Industries

Board member: Kone Corporation, UPM-Kymmene Corporation and International Institute for Management Development.

Principal work experience: Has held several management positions in the Nokia Group – President Nokia Telecommunications, President Nokia Mobile Phones and Chief Strategy Officer of the Nokia Group; President and Chief Executive Officer of Kone Corporation 2005-2014.

Jean-Baptiste Duzan

Born 1946. Graduate at the Ecole Polytechnique.

Independent consultant.

Member of the Volvo Board since: 2009

Board Member: Nissan Motor Co. Ltd.

Principal work experience: Began his career at Citibank. Has held various positions within Renault since 1982 – director of financial services at Renault V.I.; Finance director of Renault credit; director of financial operations; project director for the car model Safrane; Senior Vice President, Purchasing; and joined the Renault Management Committee. He was also named Chairman and Managing Director, Renault Nissan Purchasing Organization. He was then named Group Controller. Now he works as an independent consultant.

James W. Griffith

Born 1954. BS and MBA, Stanford University.

President and Chief Executive Officer of The Timken Company.

Board member: The Timken Company, Illinois Tool Works Inc., Manufacturing Advocacy & Growth Network and US-China Business Council Inc.

Principal work experience: Began his career at The Timken Company in 1984, where he has held several management positions, such as responsible for Timken's bearing business activities in Asia, Pacific and Latin America and for the company's automotive business in North America.

Kathryn V. Marinello

Born 1956. BA, State University of New York at Albany and MBA, Hofstra University.

Senior Advisor, Ares Management, LLC

Board Chairman: Stream Global Services, Inc.

Board member: General Motors Company

Principal work experience: Board Chairman, President and Chief Executive Officer of Stream Global Services, Inc. Has held several management positions at Citibank Chemical Bank New York (now JP Morgan Chase), First Bank Systems and First Data Corporation; Division President General Electric Financial Assurance Partnership Marketing and Division President General Electric Fleet Services; President and Chief Executive Office of Ceridian Corporation and subsequently also Chairman.

Hanne de Mora

Born 1960. BA in Economics from HEC in Lausanne, MBA from IESE in Barcelona.

Member of the Volvo Board since: 2010

Board Chairman: a-connect (group) ag.

Board Member: Sandvik AB and IMD Foundation Board.

Principal work experience: Credit Analyst Den Norske Creditbank in Luxemburg 1984, various positions within brand management and controlling within Procter & Gamble 1986-1989, Partner McKinsey & Company, Inc. 1989-2002, one of the founders and owners, also Chairman of the Board, of the global consulting firm and talent pool a-connect (group) ag since 2002.

Anders Nyrén

Born 1954. Graduate of the Stockholm School of Economics, MBA at UCLA.

President and Chief Executive Officer of AB Industrivärden.

Member of the Volvo Board since: 2009

Board Chairman: Sandvik AB and Svenska Handelsbanken.

Board Member: AB Industrivärden, Ernström & Co AB, Svenska Cellulosa Aktiebolaget SCA, Stockholm School of Economics and SSE Association.

Principal work experience: Has worked for AB Wilhelm Becker. He has held various positions within STC – Controller, Executive Vice President and CFO, and President of STC Venture AB; President at OM International AB; Executive Vice President and CFO at Securum; Director with executive responsibility for Markets and Corporate Finance at Nordbanken; Executive Vice President and CFO at Skanska. Now he is President and Chief Executive Officer of AB Industrivärden.

Olof Persson

Born 1964. B.Sc. in Business Administration and Economics.

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

Member of the Volvo Board since: 2011

Board Chairman: The German-Swedish Chamber of Commerce

Member: European Round Table of Industrialists and The Royal Swedish Academy of Engineering Sciences.

Principal work experience: Began his career at ABB; has held a number of executive positions at AdTranz and Bombardier; president of Volvo Aero; president of Volvo Construction Equipment. Since 2011 he is President of AB Volvo and Chief Executive Officer of the Volvo Group.

Lars Westerberg

Born 1948. Master of Science Engineering, Bachelor Business Administration.

Member of the Volvo Board since: 2007

Board Chairman: Husqvarna AB

Board member: SSAB Svenskt Stål AB, Sandvik AB, Meda AB and Stena AB.

Principal work experience: President and Chief Executive Officer of Gränges AB, ESAB AB and Autoliv Inc.

The AB Volvo Election Committee's proposal as regards INSTRUCTIONS FOR THE AB VOLVO ("THE COMPANY") ELECTION COMMITTEE, to be adopted at the Annual General Meeting on April 2, 2014 (point 18 on the proposed agenda).

It follows from the Swedish ~~Code of Corporate Governance Code~~ Code ("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 and a statement explaining its proposals regarding the board of directors with regard to the requirements concerning the composition of the board contained in Code rule 4.1. so that a report can be presented on the Company's website. If the retiring chief executive officer is nominated for the post of the chairman of the board, reasons for this proposal are also to be fully explained.

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 Based on the shareholding statistics received by the Company from Euroclear Sweden AB as per the last bank day of January each year and the willingness of the largest shareholders' thus identified to participate in the Election Committee, the Election Committee shall submit proposals for the members of the following year's Election Committee. The Election Committee may however take changes in the shareholding structure of the Company occurring after the last bank day of January into account, to the extent the Committee deems appropriate and practically possible.
- 2.4.2 In its proposal for the members of the following year's Election Committee, such a case the Election Committee shall indicate which Large Shareholders the members represent. 2.4
- 2.4.3 ~~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.

POLICY ON REMUNERATION TO SENIOR EXECUTIVES, proposed by the Board of Directors of AB Volvo to be adopted by the Annual General Meeting 2014 (point 19 on the proposed agenda).

This Policy concerns the remuneration and other terms of employment for the Volvo Group Executive Team. The members of the Volvo Group Executive Team, including the President and any possible Deputy 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 2013 sets out details on the total remuneration and benefits awarded to the Executives during 2013.

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 75% 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 inter alia the performance of the entire Volvo Group or the performance of a certain part of the Group 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 inter alia operating income, operating margin or cash flow. The Board may under certain conditions decide to reclaim variable salary already paid or to cancel or limit variable salary to be paid to the Executives.

The Annual General Meeting 2011 decided to adopt a share-based incentive program for senior executives in the Volvo Group relating to the financial years 2011, 2012 and 2013. Since the program adopted in 2011 has expired, the Board has decided to propose to the Annual General Meeting to be held in April 2014 to approve the adoption of a share-based incentive program for senior executives in Volvo relating to the financial years 2014, 2015 and 2016, based on the same principles as the program adopted in 2011.

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 two different defined-contribution plans with annual premiums. For the first plan the annual premiums amount to SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts and for the second plan the annual premiums amount to 10% of pensionable salary. In the two defined-contribution plans, 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. Further no definite retirement date is set in the two plans but premiums will be paid for the employee until his or her 65th birthday.

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 where 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 Volvo Group Executive Team

The Remuneration Committee is responsible for (i) preparing the Board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for Executives, (ii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for Executives, (iii) monitoring and evaluating the application of this Policy, and (iv) monitoring and evaluating current remuneration structures and levels in the Company.

The Remuneration Committee prepares and the Board decides on (i) terms of employment and remuneration of the President and the Deputy President, if any, and (ii) principles for remuneration (incl. pension and severance pay) for the Executives. The Remuneration Committee shall approve proposals on remuneration of the members of the Volvo Group Executive Team.

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 Authority to decide on deviations from this Policy

The Board of Directors may deviate from this Policy if there are specific reasons to do so in an individual case.

7 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 that has not become due for payment at the time of the Annual General Meeting 2014 fall within the frames of this policy.

The Board of Directors' of AB Volvo proposal to the Annual General Meeting 2014 concerning a LONG-TERM SHARE-BASED INCENTIVE PLAN FOR SENIOR EXECUTIVES IN THE VOLVO GROUP COMPRISING THE YEARS 2014-2016 and the TRANSFER OF TREASURY SHARES TO PARTICIPANTS IN THE PLAN (point 20 on the proposed agenda).

Background

On the Annual General Meeting held in 2011, a share-based incentive plan for senior executives comprising the years 2011-2013, and consisting of three yearly plans, was adopted. For several years prior thereto, AB Volvo has, with the exception for 2010, offered annual equity based incentive plans to senior executives in the Volvo Group. The guiding principle for remuneration within the Volvo Group 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.

In view of the above and with the aim of achieving increased alignment between the interests of the executives and the shareholders of AB Volvo, the AB Volvo Board proposes, after preparation by the Remuneration Committee, that the Annual General Meeting 2014 shall approve to:

- (i) implement a new long-term, share-based incentive plan comprising the years 2014-2016 according to the conditions set forth in point A below, and to
- (ii) transfer treasury shares to participants in the plan according to the conditions set forth in point B below.

Under the proposed incentive plan a participant may invest a certain percentage of his or her monthly gross base salary in Volvo B shares and may receive, per share invested and retained during a qualifying period of three years, one matching share and, if certain financial targets are achieved, one or several performance shares. The percentage of the monthly gross base salary to be invested in Volvo B shares is expected to be at least at the same level as initially chosen throughout the three years 2014-2016. If a participant for personal reasons is unable to participate at the initially chosen investment level, the CEO is authorized to make an exception from the investment requirement (if the participant is the CEO, the Chairman of the AB Volvo Board is so authorized). Any such exception is to be reported to the Remuneration Committee.

Participating members of the Group Executive Team (the "GET") are expected to invest in and to retain on an ongoing basis, Volvo B shares at least to such extent that their respective holding of invested shares, together with matching shares and performance shares allotted and shares otherwise purchased, corresponds to a value of two annual base salaries for the CEO and one annual base salary for other members of the GET.

Proposal

A. Long-term share-based incentive plan for senior executives in the Volvo Group comprising the years 2014-2016 (the "Plan")

Duration and participation

The proposed Plan consists of three yearly plans: one plan for 2014, one plan for 2015 and one plan for 2016. A maximum of 300 senior executives, including the members of the GET and other executives, nominated by the Remuneration Committee shall be offered to participate in each yearly plan. Nomination and offer shall take place yearly.

Prerequisites

The participation in the Plan and the terms and conditions for the Plan will only apply to the extent legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the AB Volvo Board. The intention is that the terms and conditions for the Plan put forth under Plan Version I below will be offered only to senior executives in Belgium, China, France, Japan, Sweden and the United States of America. Senior executives in countries where the terms and conditions for Plan Version I will not be offered, will instead be offered to participate in the Plan on the terms and conditions put forth under Plan Version II below.

Plan Version I

Main Principles

The Plan Version I presupposes that the participants shall invest quarterly in Series B shares in AB Volvo (“**Investment Shares**”) at market price and keep those Investment Shares for a time period of at least three years from investment (the “**Holding Period**”). After the end of the Holding Period the participants may be allotted Volvo B shares as Matching and Performance Shares (defined below).

Allotment of Matching and Performance Shares under the Plan is always made on the conditions that (i) the participant makes an own investment in Investment Shares, (ii) the participant is still an employee of the Volvo Group at the time of allotment of shares except in good leaver situations, and that (iii) the participant still owns the Investment Shares invested in at the time of allotment. The number of shares to be allotted will increase if certain financial targets are met.

Investment

A participant in a yearly plan may, under such yearly plan, invest an amount corresponding to a percentage of his or her monthly gross base salary for each month that he or she participates in the yearly plan in question. The maximum percentage of the monthly gross base salary that could be invested for each month of participation is 15 percent for the CEO and for other members of the GET and 10 percent for other participants.

The participant chooses the amount of his or her gross base salary that he or she wants to invest in Investment Shares under each yearly plan, within the percentage levels above. Deduction is made monthly from his or her net salary. Investment in Investment Shares will be made quarterly (immediately after the release of the quarterly report) for each participant by an external administrator of the Plan.

Matching Shares

At the end of the Holding Period, the participants will be allotted one Volvo B share (a “**Matching Share**”) for each Investment Share purchased at the beginning of the Holding Period and held thereafter until the respective Allotment Dates (as defined below). If the Annual General Meeting to be held following the expiry of any of the financial years 2014, 2015 or 2016 decides that no dividend shall be distributed to the shareholders, no Matching Shares shall thereafter be allotted under the yearly plan related to the financial year immediately preceding such decision by the Annual General Meeting.

Performance Shares

At the end of the Holding Period the participants may, in addition to any Matching Shares, be allotted Volvo B shares if certain financial targets are met (“**Performance Shares**”). The maximum number of Performance Shares for each Investment Share purchased at the beginning of the Holding Period is seven for the CEO, six for other members of the GET and five for other participants in the Plan.

Time of Allotment

Allotment of Matching Shares and Performance Shares related to Investment Shares invested in during a quarter is made quarterly in connection with each quarterly report of the Volvo Group, three years after the participants’ respective purchase of Investment Shares (the “**Allotment Dates**”). In good leaver situations, allotment of Matching Shares and Performance Shares may on an individual basis take place prior to the Allotment Dates.

Plan Version II

Main Principles

For administrative, legal, tax and cost reasons the terms and conditions of the Plan Version I will not be offered to senior executives in all countries. Senior executives in countries where the terms and conditions

for Plan Version I will not be offered, will instead be offered to participate in Plan Version II on conditions mainly corresponding to the conditions for Plan Version I, however without a matching element and with a cash-based allotment and on the other principal conditions set forth herein. The Plan Version II does consequently not presuppose any investments in Volvo B shares. AB Volvo will instead quarterly calculate a fictive number of Volvo B shares for each participant (“**Fictive Investment Shares**”), which will serve as basis for the allotment to be made under the Plan Version II. Furthermore, the allotment of shares will be replaced with an allotment in cash three years after each quarterly calculation of a number of Fictive Investment Shares has been made by AB Volvo (the “**Qualification Period**”). The cash allotment is always made on the condition that the participant is still an employee of the Volvo Group at the time of allotment, except in good leaver situations.

Fictive Investment Shares

For each calendar quarter during the Plan, AB Volvo will calculate a number of Fictive Investment Shares for each participant comprised by the Plan Version II, according to the following formula:

Number of Fictive Investment Shares for a calendar quarter = ten percent of the participant’s gross base salary for the relevant calendar quarter, (converted into SEK) divided by the Volvo B share price (in SEK) at NASDAQ OMX Stockholm on the first date of purchase of Investment Shares according to the Plan Version I after the end of the calendar quarter in question.

Cash Allotment

At the end of the Qualification Period the participants may be allotted an amount (in local currency) equivalent to the market value of maximum five Volvo B shares for each Fictive Investment Share, if certain financial targets are met.

Time of Allotment

The cash allotment is made quarterly in connection with each quarterly report of the Volvo Group, three years after the Volvo Group has calculated the number of the Fictive Investment Shares to which the allotment relates (the “**Cash Allotment Dates**”). In good leaver situations, cash allotment may on an individual basis take place prior to the Cash Allotment Dates.

Financial Targets

The financial target for each yearly plan is that the Volvo Group’s ROE, as stated in the annual report for the relevant financial year (2014 for plan 2014, 2015 for plan 2015 and 2016 for plan 2016), amounts to at least 10 percent for plan 2014, 11 percent for plan 2015 and 12 percent for plan 2016. Maximum allotment to a participant will be effected if ROE reaches 25 percent for plan 2014, 26 percent for plan 2015 and 27 percent for plan 2016. Allotment of the first Performance Share or equivalent cash amount will be made at a ROE of 10.0, 11.0, and 12.0 percent, respectively, and allotment of Performance Shares and cash amounts will thereafter be made proportionally within the ROE interval.

Limitation of Allotment

The AB Volvo Board shall, in the event of exceptional conditions, be entitled to limit or omit allotment of Performance Shares and cash allotment according to the Plan Version II if such a measure is considered to be reasonable and consistent with the company’s responsibility towards its shareholders, employees and other interested parties.

Authority to Adjust the Plan

The AB Volvo Board may make amendments to the Plan to the extent such amendments are deemed necessary or appropriate in light of the circumstances at hand, for example to comply with relevant legal, tax or administrative requirements.

Financing

The shares to be allotted under the Plan Version I shall be existing shares. Assuming (i) that all eligible executives qualify for participation in the Plan Version I (thus assuming that no eligible executives qualify for participation in the Plan Version II) (ii) that the maximum investment level is applied by all 300 participants under each yearly plan (iii) that the current salary level of the 300 intended participants in each yearly plan is unchanged throughout the Plan (iv) that ROE for each of the financial years 2014-2016 reaches at least 25, 26 and 27 percent respectively and (v) a fixed share price of SEK 90 between the start of the plan 2014 and the last acquisition of Investment Shares under the plan 2016, the total number of

Volvo B shares to be transferred as Matching Shares and Performance Shares under the Plan will amount to approximately 14,539,536 (whereof 4,846,512 for each yearly plan, respectively).

For the purpose of meeting AB Volvo's obligations to deliver shares under the Plan Version I AB Volvo may enter into equity swaps with a third party or another arrangement with a third party, which would acquire and transfer the shares in its own name, and/or, subject to approval by the Annual General Meeting under point B below, transfer treasury shares to participants.

The fulfilment of AB Volvo's obligations under the Plan Version II entails only cash transfers.

Costs and cash flow effects

Effect on income statement

The final cost of the proposed Plan is difficult to predict since it depends on several future parameters, such as the participants' investment levels, the ROE outcome and the development of the Volvo B share price during the Plan. An estimate of the final cost must thus be based on assumptions regarding those parameters, as made below.

The accumulated effect on the income statement (salary costs and social security costs) relating to the proposed Plan 2014-2016, is estimated to be minimum SEK 0 (no participation) and maximum MSEK 436.9 for each yearly plan (assuming (i) that all eligible executives qualify for participation in the Plan Version I and consequently no eligible executives qualify for participation in the Plan Version II, (ii) that a maximum investment level is applied by all 300 participants and (iii) maximum allotment of Performance Shares), whereof MSEK 70.1 relates to the Matching part and MSEK 366.8 relates to the Performance part. The estimates are based on the assumptions that the share price will be fixed at SEK 90 for the whole duration of the Plan and that the current salary level of the intended participants will remain unchanged for the whole duration of the Plan.

The participants comprised by the conditions set forth in the Plan Version II are not entitled to receive any Matching Shares, or the equivalent thereof. The salary and social security costs related to those participants will therefore, under the same assumptions as set forth in the second paragraph above, be less than for corresponding participants in the Plan Version I. The above estimate of the Plan's maximum effect on the income statement is thus based on full participation in the Plan Version I and no participation in Plan Version II.

Effect on Cash Flow

Provided that treasury shares are used for delivery of shares under the Plan Version I, the cash flow effects of the Plan Version I will only be related to social security costs, to an estimated amount as stated below.

If the Annual General Meeting 2014 does not approve the transfer of treasury shares to participants in the Plan, AB Volvo has to transfer Volvo B shares to the participants in the Plan Version I through a third party arrangement. This would lead to a negative cash flow effect as these shares will need to be acquired in the market. The final cash flow effect of the proposed Plan in such a situation is however difficult to predict since it depends on several future parameters, such as the participants' investment levels, the ROE outcome and the development of the Volvo B share price during the Plan. An estimate of the final cash flow effect must thus be based on assumptions regarding those parameters, as made below.

Assuming (i) that all eligible executives qualify for participation in the Plan Version I (thus assuming that no eligible executives qualify for participation in the Plan Version II) (ii) that the maximum investment level is applied by all 300 participants under each yearly plan (iii) that the current salary level of the 300 intended participants in each yearly plan is unchanged throughout the Plan (iv) that ROE for each of the financial years 2014-2016 reaches at least 25, 26 and 27 percent respectively and (v) that the share price will be SEK 90 at implementation of each of the yearly plans and remain at the same level until the final allotment of shares has been made, the total cash flow effect of each yearly plan will amount to approximately MSEK 436.9 (including social security costs of approximately MSEK 100.8).

The participants comprised by the conditions set forth in the Plan Version II are not entitled to receive any Matching Shares, or the equivalent thereof. The cash flow effects related to those participants will therefore, under the same assumptions as above, be less than for corresponding participants in the Plan Version I if treasury shares could not be used for delivery of shares to participants in the Plan. The above

estimate of the Plan's maximum effect on the cash flow is thus based on full participation in the Plan Version I and no participation in Plan Version II.

Dilution

AB Volvo has approximately 2.1 billion registered shares. As per 31 December 2013, AB Volvo held approximately 100 million shares in treasury. In order to implement the proposed Plan a total of approximately 14.5 million Volvo B shares are required, assuming a share price throughout the Plan's periods of SEK 90. The transfer of the approximately 14.5 million Volvo B shares to the participants free of consideration, could cause a dilutive effect of approximately 0.7 percent on earnings per share.

Majority rules

The resolution as regards the approval of the Plan as such requires that more than half of the votes cast at the Annual General Meeting approve the proposal.

Description on ongoing variable remuneration plans

Volvo's ongoing variable remuneration plans are described in the Annual Report 2013 in Note 27 to the Consolidated Financial Statements and on AB Volvo's website.

B. Transfer of treasury shares to participants in the Plan

Transfer of treasury shares to participants in the Plan

Transfer of shares of series B in AB Volvo in order to fulfill AB Volvo's undertakings according to the Plan on the following terms and conditions:

1. The right to acquire shares shall accrue to participants in the Plan and to subsidiaries within the Volvo Group. Such subsidiaries shall be obligated to immediately transfer, free of consideration, shares to participants covered by the terms and conditions of the Plan.
2. The participants in the Plan and subsidiaries within the Volvo Group shall exercise their rights to acquire shares during the period when the participants in the Plan are entitled to receive shares, on one or more occasions, pursuant to the terms and conditions of the Plan, i.e. during the period to and including 2020.
3. Participants in the Plan and Volvo Group subsidiaries shall receive shares of series B in AB Volvo, free of consideration.
4. The reason for deviating from the shareholders' preferential rights is to minimize the cash flow effect of fulfilling AB Volvo's undertakings according to the Plan.
5. The maximum number of shares of series B that may be transferred shall be the total number of treasury shares held by AB Volvo upon execution of the resolution to transfer the shares.

Majority rules

The resolution on transfer of treasury shares to participants in the Plan requires that shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal.

