years through investments in dealer and service networks, the acquisitions of the Japanese truck manufacturer Nissan Diesel and the Chinese wheel-loader manufacturer Lingong and the establishment of a joint-venture company for trucks and buses together with Eicher Motors of India.

As one of the world's largest manufacturers of commercial vehicles, the Volvo Group has a responsibility to reduce the environmental impact of both the production and the utilisation of the products. There is no conflict between the development of products with lower environmental impact and the creation of profitable growth. Engines that consume less fuel reduce the customers' costs and strengthen their competitiveness. The Volvo Group has a frontline position in the development of engines that meet future emission requirements and Volvo's hybrid technology is one of the most promising and competitive technologies for commercial vehicles. The Volvo Group's solution enables the diesel engine and electric motor to work in parallel or individually, depending on the power range and application, which significantly increases fuel efficiency compared with serial hybrid solutions.

Strong positions in industries with potential for the future

When the conversion to a new, lower level of costs is fully implemented, the Volvo Group will have established a good foundation from which to build upon when market recovers. The Volvo Group is one of the world's leading companies in industrial segments with large future opportunities. The Volvo Group has strong brands, a product range at the absolute forefront and strong market positions.

Trend information

The financial turmoil and credit tightening has led to cautiousness among customers when it comes to deciding on investments, which has caused a decrease in demand for Volvo Group products. The development of the financial markets during the latter part of 2008 and 2009 has led to an intensification of the Volvo Group's work with financial risks. The credit risks are continuously managed through active credit monitoring and there are regular controls that provisions are made on incurred losses for doubtful receivables, in the customer finance portfolio as well as for other accounts receivable, in accordance with applicable accounting principles.

The present market conditions also limit the accessibility to credits and loan financing, which may negatively affect customers, suppliers, dealers as well as the Volvo Group. Suppliers' financial instability could result in delivery disturbances. A sound balance between short- and long-term borrowing, as well as borrowing preparedness in the form of overdraft facilities, is intended to meet the long-term financing needs of the Volvo Group.

In the course of its operations, the Volvo Group is exposed to residual value risks through operating lease agreements and sales combined with repurchase agreements. The estimated net realisable value of the products is continuously monitored on an individual basis. A decline in prices for used trucks and equipment may negatively affect the consolidated operating income. High inventories in the truck industry and the construction equipment industry and low demand may have a negative impact on the prices of new and used trucks and construction equipment.

The reported amounts for contingent liabilities reflect a part of the Volvo Group's risk exposure. Total contingent liabilities at 30th June, 2009, amounted to SEK 9.6 billion, an increase of SEK 200 million compared to 31st December, 2008. Included in the total is a contingent liability of SEK 600 million pertaining to a claim on Volvo Powertrain to pay penalties following a demand by the US Environmental Protection Agency (EPA). The demand is a consequence of dissenting opinions on whether an agreement between EPA and Volvo Powertrain regarding lower emitting engines also should include engines sold by Volvo Penta.

Members of the U.S. trade union, the United Auto Workers (UAW), have approved a new 40-month Master Agreement with the Volvo Group's subsidiary Mack Trucks. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to retired employees. This has a negative impact of approximately SEK 870 million on the Volvo Group's operating income during the second quarter of 2009 and a negative impact of the same amount on net debt. The trust must be approved by the U.S. District Court for the Eastern District of Pennsylvania, a process that can take up to 12 months.

The Volvo Group verifies annually, or more frequently if necessary, the goodwill value of its business areas for possible impairment. The size of the overvalue differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. A continued financial turmoil and volatility in interest and currency rates may lead to indications of impairment. Changes to the assessments of the duration of the crisis could result in a significant write-down of goodwill for some business areas.

Recent Developments – Significant Events

Renault Trucks to distribute Renault Trafic

Renault Trucks intends to start distributing the light-duty vehicle Renault Trafic through its dealer network in France, Belgium, the Netherlands, Luxemburg, Switzerland and Austria, then gradually in Renault Trucks' remaining European network. Renault Trafic, which is manufactured by Renault SA, will further strengthen Renault Trucks' customer offer of light trucks while at the same time add service and spare parts revenue to Renault Trucks and its dealer network.

The Volvo Group secures SEK 30 billion in funding

During the first quarter of 2009, the Volvo Group completed a number of important funding transactions. In February, a 5-year EUR 700 million bond was issued, followed by a 3-year SEK 4.2 billion bond in March. In March, the Volvo Group received a 7-year loan from the European Investment Bank equivalent to EUR400 million. Furthermore during the first quarter the Volvo Group raised additional medium- and long-term funds equivalent to approximately SEK 6 billion.

In early April, backed by a large number of banks, a new 2-year revolving credit facility of EUR775 million was signed.

New generation of diesel engines

The Volvo Group is introducing a new generation of diesel engines with extremely low emissions of air pollutants. The engines meet the new EuroV regulations that come into effect in the EU in October 2009. Several of the new engines are also available in variants tailored for the EEV norm (Enhanced Environmentally friendly Vehicle).

The new generation of engines is the Volvo Group's most fuel-efficient and cleanest ever launched in Europe. A number of technical improvements with the focus on optimised combustion and a new SCR catalytic converter have made it possible to combine increased power with decreased emissions and 3 per cent. lower fuel consumption.

Annual General Meeting of AB Volvo 2009

The Annual General Meeting of the Parent held on 1st April, 2009 approved the Board's proposal to pay an ordinary dividend to the shareholders of SEK 2.00 per share.

Peter Bijur, Leif Johansson, Finn Johnsson, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh were re-elected members of the Board of AB Volvo and Jean-Baptiste Duzan and Anders Nyrén were newly elected. Finn Johnsson was elected Chairman of the Board. Tom Hedelius and Philippe Klein did not stand for re-election.

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 Moulonguet, representing Renault s.a.s., were elected members of the Election Committee. The meeting resolved that no fee should be paid to the members of the Election Committee.

Hybrid vehicles from the Volvo Group exceed expectations

The Volvo Group's proprietarily developed platform for hybrid operation of heavy vehicles has been installed in several different types of vehicles and has been used to propel the Volvo Group's buses in traffic operations in Göteborg, Sweden and London, England. The experiences gained to date from the Volvo Group's parallel hybrid technology indicate excellent fuel savings. To date, the Volvo Group has developed about 20 different hybrid vehicles based on the Volvo Group's hybrid solution, including wheel loaders, buses and refuse collection trucks.

New agreement between Mack Trucks and United Auto Workers (UAW)

On 31st May, 2009 members of the U.S. trade union, the UAW, approved a new 40-month Master Agreement with the Volvo Group's subsidiary Mack Trucks. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to retired employees, their surviving partners and for dependent family members, as well as for UAW members who retire in the future. This had a negative impact of SEK 870 million on the Volvo Group's operating income during the second quarter of 2009 and a negative impact of the same amount on net debt. The trust must be approved by the U.S. District Court for the Eastern District of Pennsylvania, a process that can take up to 12 months.

Volvo unveils proprietary medium-heavy engine

At Volvo's Capital Market Day in Eskilstuna, Sweden, on 16th June, 2009 the Volvo Group CEO, Leif Johansson, announced that the Volvo Group had developed its own medium-duty engine for trucks and buses scheduled for launch in 2010.

Volvo Group begins selling trucks that meet EPA2010 emissions standards

On 23rd June, 2009 it was announced that Volvo Trucks in North America had begun selling vehicles that meet the new US emissions standards, EPA2010, which comes into effect in 2010. The trucks meet the standards using SCR, Selective Catalytic Reduction, which also increases fuel efficiency and reduces carbon emissions. Initial production is scheduled for autumn 2009.

AB Volvo improved its funding capabilities through entry into US bond market

In October 2009, the Issuer issued a USD 750 M guaranteed bond offering at an interest rate of 5.95 per cent. due 2015. The offering marked the Parent's first entry into the US institutional bond market. "The US market is one of the world's largest and most liquid markets and I am very pleased to note the great interest shown for this bond by the investor base, including U.S. institutional investors," said Mikael Bratt, CFO of AB Volvo.

Further recent developments

The unaudited interim report of the Parent and the Volvo Group, for the nine month period ended the 30th September 2009, which is incorporated by reference as set out at page 16 in this Prospectus, describes further recent developments.

The total deliveries from the Volvo Group's truck operations in the third quarter of 2009 amounted to 27,616 vehicles. This was a decrease of 51 per cent., compared with the year-earlier period.

Total deliveries by market for the Volvo Group's truck operations (Volvo Trucks, Mack, Renault Trucks, Nissan Diesel and Eicher).

Delivered trucks	*Third quarter*		*Change %*	*First nine months*		*Change %*
Trucks	***2009***	*2008*		***2009***	*2008*	
Europe	**8,359**	24,155	(65)	**35,628**	97,002	(63)
Western Europe	**7,377**	17,955	(59)	**32,268**	75,040	(57)
Eastern Europe	**982**	6,200	(84)	**3,360**	21,962	(85)
North America	**4,184**	6,572	(36)	**11,937**	22,511	(47)
South America	**2,930**	4,890	(40)	**8,227**	13,343	(38)
Asia	**9,159**	15,471	(41)	**23,651**	44,090	(46)
Middle East	**995**	3,977	(75)	**4,048**	12,031	(66)
Other Asia	**8,164**	11,494	(29)	**19,603**	32,059	(39)
Other markets	**2,984**	4,890	(39)	**10,069**	14,677	(31)
Total Trucks	**27,616**	**55,978**	**(51)**	**89,513**	**191,623**	**(53)**

Management

Corporate bodies in corporate governance

The governance and control of the Volvo Group is carried out through a number of corporate bodies. At the Annual General Meeting, the shareholders exercise their voting rights with regard, for example, to the composition of the Board of Directors of the Parent and election of external auditors. An Election Committee proposes candidates to serve as Board members, Board Chairman and external auditors. The Board is responsible for the Volvo Group's long-term development and strategy as well as controlling and evaluating the company's operations. In addition, the Board appoints the President of the Parent, who is also the Chief Executive Officer (CEO). The duties of the Board are partly exercised through its Audit Committee and its Remuneration Committee. The CEO is in charge of the daily management of the Volvo Group in accordance with guidelines and instructions provided by the Board.

The CEO is in charge of the daily management of the Volvo Group through primarily two different bodies, the Group Executive Committee and the business areas' and business units' Boards of Directors. The Volvo Group Executive Committee comprises those who report directly to the CEO. The Volvo Group Executive Committee meetings, which are led by the CEO, deal with Group-wide issues and issues affecting more than one business area/unit, and sharing of information concerning the Volvo Group's performance. The CEO or another member of the Group Executive Committee is the Chairman of the Boards of all business areas and business units and these comprise mainly of other members of the Group Executive Committee. The Boards of the business areas and business units effect control and follow-ups of business areas' and business units' financial development, business plans and goals as well as make decisions regarding, for example, investments.

Swedish Code of Corporate Governance

The Volvo Group applies the Swedish Code of Corporate Governance, revised as of 1st July, 2008 (the Code). The Board's report of the key aspects of the company's system for internal controls and risk management regarding financial reports is included as a special section of this Corporate Governance Report.

Between 1st January, 2008 and 31st December, 2008 Volvo did not deviate from any of the regulations set forth in the Code.

This Corporate Governance Report has not been reviewed by the company's auditors.

Election Committee

The Election Committee is the shareholders' body responsible for submitting to the Annual General Meeting the names of candidates to serve as Chairman and other members of the Board as well as proposal for fees and other compensations to be paid to the Board members. In the years in which election of auditors for Volvo shall be held, the Election Committee presents proposals for election of auditors and proposal for fees to be paid to the auditors based on the preparations carried out by Volvo's Audit Committee.

The Election Committee's proposal shall be presented to the Parent in sufficient time to be able to be included in the notice to attend the Annual General Meeting and at the same time to be published on Volvo Group's website. In conjunction with the notice to attend the Annual General Meeting is published, the Election Committee shall among other things comment on whether those persons who are proposed to be elected as Board members are to be considered as independent in relation to the company and company management as well as to large shareholders in the company and further to comment on their material assignments and holding of shares in Volvo. At the Parent's Annual General Meeting in 2007, new instructions for the Election Committee were adopted. According to these instructions, the Annual General Meeting shall select five members for the Election Committee, of which four shall represent the largest shareholders in the company, in terms of the number of votes, who have expressed their willingness to participate in the Election Committee. In addition, one of the members shall be the Chairman of Board. Additionally, the Election Committee can offer other larger shareholders to appoint one representative as a member of the Election Committee. If such an offer is made, it should be directed in turn to the largest shareholder in terms of voting rights not already being represented on the Election Committee. The number of members on the Election Committee may not exceed seven however.

The Election Committee, which was appointed at the Parent's Annual General Meeting in 2008 in accordance with the new instructions, comprised the Parent's Chairman Finn Johnsson, Carl-Olof By, representing AB Industrivärden, Lars Förberg, representing Violet Partners LP, Anders Oscarsson, representing SEB Fonder / Trygg Försäkring and Thierry Moulonguet, representing Renault. The Election Committee elected Thierry Moulonguet as Chairman. Later during 2008, the Election Committee offered Svenska Handelsbanken together with SHB Pension Fund, SHB Pensionskassa, SHB Employee Fund and Oktagon and AMF Pension to appoint one representative each as a member of the Election Committee. Handelsbanken and others appointed Håkan Sandberg and AMF Pension appointed Christer Elmehagen. When Christer Elmehagen in December 2008 retired from AMF Pension, he also retired from the Election Committee.

The Board

In 2008, the Parent's Board of Directors consisted of nine members elected by the Annual General Meeting. In addition, the Board had three members and two deputy members appointed by employee organisations. The CEO, Leif Johansson, was a member of the Board. During 2008, six regular meetings, one statutory meeting and one extraordinary meeting were held.

The Board has adopted work procedures for its activities that contain rules pertaining to the distribution of work between the Board members, the number of Board meetings, matters to be handled at regular meetings of the Board and duties incumbent on the Chairman. In addition thereto, the work procedures contain directives concerning the tasks of the Audit Committee and the Remuneration Committee respectively. The Board has also issued written instructions specifying how financial information should be reported to the Board as well as the distribution of duties between the Board and the President.

The Annual General Meeting decides on the fees to be paid to the Board members elected by the shareholders. The Annual General Meeting held on 9th April, 2008 approved a total fee to the Board, for the time until the end of the next Annual General Meeting, of SEK 5,725,000 to be distributed among the Board Members according to the following. The Chairman of the Board should receive a fee of SEK 1,500,000 and each of the remaining members should receive a fee of SEK 500,000, with the exception of the President. In addition, the Chairman of Audit Committee should receive SEK 250,000 and the other two members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

During the year, the Board reviewed the business plans and strategies for the various businesses in the Volvo Group. The Board also reviewed the financial positions of the Parent and the Volvo Group on a regular basis and acted in order to ascertain that there are efficient systems in order to follow-up and control the business and financial position of the Volvo Group. In connection therewith, the Audit Committee was responsible for preparing for the Board's work to assure the quality of the Volvo Group's financial reporting through reviewing the interim reports and the annual report. In connection therewith, the Board met with the Parent's auditors during 2008. The Board continuously evaluated the performance of the CEO.

During 2008, the Board focused specifically on adapting the Volvo Group's operations to the present market conditions; initially to a very strong demand for the Volvo Group's products and during the second half to a significantly weaker development. The Board has furthermore focused specifically on issues pertaining to continuation of the integration of newly acquired operations and on issues relating to the continuous renewal of the Volvo Group's product portfolio.

The Board's work is mainly performed through Board meetings and through meetings in the respective committees of the Board. In addition thereto, the Chairman of the Board is in regular contact with the CEO in order to discuss on-going business and to ensure that the decisions taken by the Board are executed.

During 2008, the Board performed its yearly evaluation of the Board's work. The Chairman has informed the Election Committee on the result of the evaluation

Audit Committee

In December 2002, the Board established an Audit Committee primarily for the purpose of overseeing the accounting and financial reporting processes and the audit of the financial statements. The Audit Committee is responsible for preparing the Board's work to assure the quality of the Parent's financial reporting through reviewing the interim reports and the annual report. In addition, the Audit Committee's task is to establish guidelines specifying what other services than audit the Volvo Group may procure from the company's auditors and to provide guidelines for and decisions on transactions with companies and persons closely associated with the Volvo Group. The Audit Committee is also responsible for evaluating the internal and external auditors' work as well as to provide the Election Committee with the results of the evaluation and to assist in preparing proposals for auditors. Finally the Audit Committee shall evaluate the quality, relevance and efficiency of the Volvo Group's system for internal controls, internal audit and risk management.

At the statutory Board meeting following the 2008 Annual General Meeting, Peter Bijur, Lars Westerberg and Ying Yeh were appointed members of the Audit Committee. Lars Westerberg was appointed Chairman of the Audit Committee. The Audit Committee met with the external auditors and Head of Internal Audit at the meetings of the Audit Committee. The Audit Committee has also met separately with the external auditors and the Head of Internal Audit without the presence of the Volvo Group management. The Audit Committee and the external auditors have among other things discussed the external audit plan and risk management. The Audit Committee held three meetings during 2008.

Remuneration Committee

In April 2003, the Board established a Remuneration Committee primarily for the purpose of preparing and deciding on issues relating to remuneration to senior executives in the Volvo Group. The duties of the Committee include presenting recommendations for resolution by the Board regarding terms of employment and remuneration for the President of the Parent, principles for remuneration, including pensions and severance payment for other members of the Group Executive Committee, and principles for variable salary systems, share-based incentive programs, pensions and severance payment for other senior executives in the Volvo Group. In addition, the Remuneration Committee decides the individual terms of employment for the other members of the Group Executive Committee in accordance with the principles established by the Board.

In 2008, the Remuneration Committee comprised Board members Tom Hedelius, Louis Schweitzer and Finn Johnsson, Chairman. The Remuneration Committee held four meetings during the year.

Disclosure Committee

A Disclosure Committee was established in 2004. The Committee contributes to ensuring that the Volvo Group fulfills its obligations according to applicable legislation as well as to listing rules to timely disclose to the financial market all share price sensitive information.

The Committee comprises the heads of the departments Corporate Finance, Internal Audit, Investor Relations, Corporate Legal, Business Control and Financial Reporting. Chairman of the Disclosure Committee is the Parent's Senior Vice President of Corporate Communications.

Board of Directors

Finn Johnsson	Chairman of the Board (since 2004). Director (since 1998). Chairman of the Remuneration Committee. Master of Business Administration. Chairman of the Boards of West Sweden Chamber of Commerce and Industry, Luvata Oy, Thomas Concrete Group AB, KappAhl AB, City Airline and EFG European Furniture Group AB. Member of the Boards of Skanska AB and AB Industrivärden.
Peter Bijur	Director (since 2006). Member of the Audit Committee. MBA Marketing, BA Political Science. Board member: Gulfmark Offshore Inc.
Jean-Baptiste Duzan	Director (since 2009). Member of the Audit Committee. Graduate of the Ecole Polytechnique. Senior Vice President, Advisor to the CEO, Renault. Member of the Board of Renault Crédit International.
Leif Johansson	Director (since 1997). Master of Engineering. President of AB Volvo and Chief Executive Officer of the Volvo Group since 1997. With Volvo since 1997. Board member: Bristol-Myers Squibb Company, Svenska Cellulosa Aktiebolaget SCA, Confederation of Swedish Enterprise and The Association of Swedish Engineering Industries. Member of the Royal Swedish Academy of Engineering Sciences.
Anders Nyrén	Director (since 2009) Member of the Remuneration Committee. Graduate of the Stockholm School of Economics, Master of Business Administration at UCLA. President and CEO of AB Industrivärden. Board Chairman: Association of Exchange-Listed Companies, Association for Generally Accepted Principles in the Securities Market in Sweden. Vice Chairman: Sandvik AB, Svenska Handelsbanken. Board member: AB Insustrivärden, Ernströmgruppen, SSAB Svenskt Stål AB, Svenska Cellulosa Aktiebolaget SCA, Telefonaktiebolaget LM Ericsson.
Louis Schweitzer	Director (since 2001). Member of the Remuneration Committee. Bachelor of Laws. Board Chairman: AstraZeneca Plc. Chairman of the Supervisory Board Le Mond. Board member: BNP Paribas, Véolia, L'Oréal.
Lars Westerberg	Director (since 2007). Chairman of the Audit Committee. MSc Engineering, Bachelor Business Administration. Board Chairman: Autoliv Inc., Husqvarna AB and Vattenfall AB. Board member: SSAB Svenskt Stål AB.
Ravi Venkatesan	MBA and MSc Industrial Engineering. Chairman of Microsoft India, responsible for Microsoft's marketing, operational and business development efforts in India. Board Chairman: Junior Achievement India, Non Profit Organisation. Board member: Non Profit Advisory Board Harvard Business School. Advisory Board Indian Institute of Technology. Director (since 2008).
Ying Yeh	BA, Literature & International Relations. Director (since 2006). Member of the Audit Committee. Vice President and Chairman of Nalco Company, Greater China Region.
Lars Ask*	Deputy Director (since 2009).

Martin Linder*	Director (since May 2004).
Mikael Sällström*	Director (since 2009).
Berth Thulin*	Director (since 2009). Deputy Director (1999-2009).
Margareta Öhlin*	Deputy Director (since 2005).

*Employee representative

Secretary to the Board

Eva Persson

The business address of the above-mentioned persons is AB Volvo (publ), SE-405 08 Göteborg, Sweden.

Volvo Group Executive Committee

The members of the Volvo Group Executive Committee are appointed by, and report to, the Chief Executive Officer.

The senior executive officers of the Volvo Group are as follows:

Leif Johansson	President of AB Volvo and Chief Executive Officer of the Volvo Group (since 1997). President and CEO of Electrolux Group (1994-1997), President of AB Electrolux (1991-1997), President of Facit AB (1982-1983), President of Husqvarna Motorcyklar AB (1979-1981). Member of Volvo Board (since 1997).
Mikael Bratt	Senior Vice President of AB Volvo and CFO of the Volvo Group (since 2008). Has held various senior positions in the financial areas in the Volvo Group since 1988, most recently as Vice President Corporate Finance, AB Volvo.
Pär Östberg	Senior Vice President of AB Volvo since 2005. Senior Vice President and CFO of Renault Trucks (2004-2005). Member of the Group Executive Committee since 2005.
Eva Persson	Senior Vice President of AB Volvo and General Counsel of the Volvo Group (since 1997). Member of Group Executive Committee (since 1997), responsible for legal, tax and security matters.
Stefan Johnsson	Senior Vice President of AB Volvo responsible for business units and human resources. Senior Vice President and CFO of the Volvo Group (1998-2005). President of Volvo Group Finance Sweden (1994-1998). Member of Group Executive Committee (since 1998).
Per Löjdquist	Senior Vice President of AB Volvo. Responsible for Corporate Communications and Brand Management. Member of the Group Executive Committee (since 1997).
Jan-Eric Sundgren	Senior Vice President of AB Volvo, responsible for Public and Environmental Affairs. Member of the Group Executive Committee (since 2006).
Peter Karlsten	President of Volvo Powertrain since 2007. Head of Volvo Trucks, Brazil (2001-2003), Head of Volvo Trucks North America truck operations (2003-2007). Member of the Group Executive Committee (since 2007).
Staffan Jufors	President of Volvo Truck Corporation (since 2004). President of AB Volvo Penta (1998-2004). Member of the Group Executive Committee (since 1998).

Stefano Chmielewski	President of Renault Trucks (since 2003). Member of Volvo Group Executive Committee (since 2003).
Dennis Slagle	President and CEO of Mack Trucks Inc. (since 2008). President and CEO of Volvo Construction Equipment North America (2003-2008). Member of the Group Executive Committee (since 2008).
Satoru Takeuchi	President of Nissan Diesel since 2007. Member of the Volvo Group Executive Committee since 2007.
Håkan Karlsson	President of Volvo Bus Corporation since 2003. President of Volvo Logistics 2000-2003. Member of Group Executive Committee (since 2003).
Tony Helsham	Senior Vice President of AB Volvo responsible for soft products. President of Volvo Construction Equipment 2000-2008. President and CEO of Euclid Hitachi Heavy Equipment (1995-1998). President of Volvo Construction Equipment Korea (1998-2000). Member of Group Executive Committee (since 2000).
Göran Gummeson	President of Volvo Penta (since 2004). Various positions with Volvo Penta since 1991, head of Volvo Penta's European operations (1998-2004). Member of the Group Executive Committee (since 2004).
Olof Persson	President of Volvo Construction Equipment (since 2008). President of Volvo Aero Corporation 2006-2008. Member of Group Executive Committee (since 2006).
Staffan Zackrisson	President of Volvo Aero Corporation (since 2008). Has held various positions at Volvo Aero 1979-87 and since 1989. With Uddevalla Invest AB 1987-89. Member of Group Executive Committee (since 2008).
Salvatore L Mauro	President of Volvo Financial Services (since 2001). President of Volvo Car Finance Europe (1999-2001). Member of the Group Executive Committee (since 2001).

The business address of the above-mentioned persons is AB Volvo (publ), SE-405 08 Göteborg, Sweden.

As at 30th September, 2009, the cumulative shareholdings of the Board members and executive officers correspond to less than 1 per cent. of the votes and shares in the Parent.

According to the Volvo Group's Code of Conduct, employees and members of the Boards of Directors of the Volvo Group shall conduct their private and other external activities and financial interests in a manner that does not conflict or appear to conflict with the interests of the Volvo Group. Should such a conflict of interest arise, it must be reported immediately by the person subject to the conflict to his/her immediate supervisor.

Conflicts of interest may occasionally occur between duties of a member of the Board of Directors of the Parent and such member's duties to a third party. In the event that any conflict of interest is deemed to exist in any matter, the person subject to the conflicting interests will not handle or participate in any decision relating to the matter. Apart from such occasional conflicts of interest, there are no conflicts of interest between any duties to the Parent of the Board of Directors or the senior executive officers and their private interests to the best of the Parent's knowledge.

Major Shareholders

The share capital amounts to SEK 2,554 million and is fully paid up. The share capital of the Parent is divided into two series of shares, A and B. Both series carry the same rights, except that each Series A share carries the right to one vote and each Series B share carries the right to one tenth of a vote. There are 2,128,420,220 registered shares, of which 677,601,630 Series A shares and 1,450,818,590 Series B shares.

On 30th September, 2009, Renault SAS was known to the Parent to be the holder of shares representing 21.3 per cent. of the votes and 21.8 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2009, Industrivärden held shares representing 8.8 per cent. of the votes and 3.5 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2009, Violet Partners LP held shares representing 5.5 per cent. of the votes and 2.2 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2009, SHB (comprises shares held by SHB, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen) held shares representing 4.7 per cent. of the votes and 1.9 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2009, AFA Insurance held shares representing 4.1 per cent. of the votes and 1.6 per cent. of the share capital of the Parent, based on the number of outstanding shares.

As far as known to the Parent, it was not directly owned or controlled by another corporation or by any foreign government as of 30th September, 2009.

On 30th September, 2009, there were approximately 232,000 shareholders of the Parent's shares registered with the Swedish Securities Register Centre, VPC AB ("VPC").

Auditors

The Parent's auditors are elected by the annual general meeting, for a period of four years. PricewaterhouseCoopers AB ("PwC"), authorised public accountants, has audited the Parent's annual financial statements since 1998 without qualification in accordance with generally accepted auditing principles in Sweden. Two PwC partners, Göran Tidström and Olov Karlsson, are responsible for the audit of the Volvo Group. Göran Tidström has primary responsibility. The address of the auditors can be found on the last page of this Prospectus.

Litigation

The Volvo Group is involved in various lawsuits in the ordinary course of business. These lawsuits primarily involve claims for damages arising out of the use of Volvo's products. Volvo is also involved in litigation and administrative proceedings relating to other matters. Volvo actively participates in the defense of all of the lawsuits in which it is a defendant and calculates its exposure to litigation on an ongoing basis. The Volvo Group maintains Group-wide liability insurance policies which, among other things, cover, subject to certain conditions and deductibles, product liability.

The former labor agreement between Mack Trucks and the UAW expired on 30th September, 2007. Thereafter, the parties operated under a mutually agreed upon extension of the previous agreement that could be terminated by either party on short notice. After the expiration of the previous labor agreement, the parties initiated and pursued negotiations on a new labor agreement. In parallel with the negotiations, both parties filed similar lawsuits in the U.S. Federal Courts addressing the issue of retiree benefits.

In May 2009, the UAW approved a new 40-month master agreement with Mack Trucks (the "**Master Agreement**"). The Master Agreement includes the establishment of a UAW-managed independent trust, known as the Voluntary Employee Beneficiary Association ("**VEBA**") that would completely eliminate Mack's health care liabilities for retirees. The VEBA, which would permanently assume the sole obligation of providing retiree health benefits to current and future Mack retirees, spouses, surviving spouses, and their dependents, must be approved by the U.S. District Court for the Eastern District of Pennsylvania, a process that can take up to 12 months. The Volvo Group has agreed to fund the VEBA with U.S.$525 million in cash, which shall be paid in equal instalments over a five-year period. The first payment will be made no earlier than 1st July, 2010. The Master Agreement had a negative impact of approximately SEK 870 million on the Volvo Group's operating income during the second quarter of 2009 and a negative impact of the same amount on net debt.

In July 1999, Volvo Trucks and Volvo Construction Equipment entered into a consent decree with the EPA (the "**Consent Decree**"). The Consent Decree provided, among other things, that new stricter emissions requirements for certain engines that would come into force on 1st January, 2006, should be applied by Volvo Trucks and Volvo Construction Equipment from 1st January, 2005 onwards. The Consent Decree was later transferred from Volvo Trucks to Volvo Powertrain. In 2008, the EPA demanded stipulated penalties from Volvo Powertrain Corporation in the amount of U.S.$72,006,337, including interest, alleging that the stricter standards under the Consent Decree should have been applied to engines manufactured by Volvo Penta during 2005. Volvo Powertrain disagrees with the EPA's interpretation and is defending the case vigorously based on the fact that, among other grounds, the Volvo Penta engines were not subject to the Consent Decree. The dispute was referred to a U.S. court in January 2009. The amount requested by the EPA is included in contingent liabilities.

Global companies like the Volvo Group are occasionally involved in tax disputes of different proportions and in different stages. The Volvo Group evaluates, on a regular basis, its exposure related to such disputes and, to the extent it is possible to reasonably estimate what the outcome will be, makes provisions when it is more likely than not that there will be additional tax to pay.

The Volvo Group is involved in a number of other legal proceedings incidental to the normal conduct of its businesses. The Volvo Group does not believe that any liabilities related to such proceedings are likely to entail any risk, in the aggregate, of having a material effect on the financial condition of the Volvo Group.

SELECTED FINANCIAL INFORMATION OF THE ISSUER

Consolidated income statements of the Issuer

SEK million	*For the years ended* 2008	2007
Interest income	6,636.3	5,617.7
Interest expense	-6,387.4	-5,257.2
Financial instruments valued at fair value recognized in income statement	-434.6	-309.9
Amortization of loan value adjustment.	49.4	98.2
Net interest income	**-136.3**	**148.8**
Net result of other financial transactions	219.8	92.0
Gross income	**83.5**	**240.8**
Administrative expenses	-110.2	-105.4
Other operating income	–	0.1
Other operating expenses	–	-0.2
Operating income	**-26.7**	**135.3**
Tax on income for the year	16.7	-35.2
Net income	**-10.0**	**100.1**
Of which, attributable to Parent Company shareholders	-10.0	100.1

Consolidated balance sheets of the Issuer

SEK million	*Dec. 31, 2008*	*Dec. 31, 2007*
ASSETS		
Non-current assets		
Tangible assets		
Equipment	2.8	3.3
Financial assets		
Receivables from Group companies (within the Volvo Group)	47,278.4	37,811.1
Other long term receivables	1,763.9	1,038.4
Total financial assets	**49,042.3**	**38,849.5**
Total non-current assets	**49,045.1**	**38,852.8**
Current assets		
Current receivables		
Receivables from Group companies (within the Volvo Group)	98,760.5	79,128.6
Other current receivables	8,558.4	3,746.2
Total current receivables	**107,318.9**	**82,874.8**
Marketable securities	**5,376.2**	**16,280.1**
Cash and bank balances	**8,186.2**	**5,236.5**
Total current assets	**120,881.3**	**104,391.4**
TOTAL ASSETS	**169,926.4**	**143,244.2**

SHAREHOLDERS' EQUITY AND LIABILITIES

SEK million	*Dec. 31, 2008*	*Dec. 31, 2007*
Shareholders' equity		
Share capital	500.0	500.0
Reserves	58.0	17.6
Retained earnings	3,671.1	3,467.3
Net income	-10.0	100.1
Total shareholders' equity	**4,219.1**	**4,085.0**
Non-current liabilities		
Bond loans	35,797.9	41,152.6
Other liabilities to credit institutions	34,869.3	10,070.9
Liabilities to Group companies (within the Volvo Group)	56.6	50.5
Provision for post-employment benefits	2.8	1.9
Total non-current liabilities	**70,726.6**	**51,275.9**
Current liabilities		
Liabilities to credit institutions	39,633.2	25,169.1
Accounts payable – trade	2.5	1.5
Liabilities to Group companies (within the Volvo Group)	47,753.5	59,533.8
Other current liabilities	7,591.5	3,178.9
Total current liabilities	**94,980.7**	**87,883.3**
Total shareholders' equity and liabilities	**169,926.4**	**143,244.2**

Cash-flow statements of the Issuer

SEK million	*Group* 2008	2007
ACTIVITIES DURING THE YEAR		
Interest received	6,576.0	5,426.8
Interest paid	-6,075.1	-5,137.5
Other financial transactions	219.8	92.0
Income taxes paid	-43.7	-30.1
Payments to suppliers and employees	-106.6	-102.5
	570.4	**248.7**
Increase (-)/decrease (+) in short-term marketable securities	10,914.3	3,715.1
Increase (-)/decrease (+) in current receivables	111.1	163.7
Increase (+)/decrease (-) in current liabilities	52.4	-295.1
Increase (-)/decrease (+) in lending to Group companies	-15,064.7	-39,584.2
Increase (+)/decrease (-) borrowing from Group companies	-12,501.1	15,558.8
Increase (-)/decrease (+) in long-term receivables	22.9	-18.6
Increase (+)/decrease (-) in other provisions	–	–
Cash flow from operating activities	**-15,894.7**	**-20,211.6**
Investments in machinery and equipment	–	-2.7
Cash flow from investing activities	**–**	**-2.7**
Group contributions received(+)/granted(-)	-25.9	-172.8
Issue of interest-bearing securities	50,534.4	72,046.8
Repayment of interest-bearing securities	-50,057.6	-48,376.9
Increase in other borrowing	18,897.1	4,471.5
Decrease in other borrowing	–	-6,252.1
Cash flow from financing activities	**19,348.0**	**21,716.5**
Cash flow during the year	3,453.3	1,502.2
Cash and cash equivalents, January 1	5,236.5	3,950.7
Exchange-rate differences in cash and cash equivalents	-503.6	-216.4
Cash and cash equivalents, December 31	**8,186.2**	**5,236.5**

Consolidated income statements of the Issuer

SEK million	*For the six months ended* *30 June 2009*	*30 June 2008*
Interest income	2,518.7	3,092.2
Interest expense	-2,693.6	-2,927.8
Financial instruments valued at fair value recognized in income statement	-672.2	81.1
Amortization of loan value adjustment.	24.7	24.7
Net interest income	**-822.4**	**270.2**
Net result of other financial transactions	-33.4	45.8
Gross income	**-855.8**	**316.0**
Administrative expenses	-54.5	-55.0
Other operating income	–	–
Other operating expenses	-0.2	–
Operating income	**-910.5**	**261.0**
Estimated tax	75.3	-30.5
Net income	**-835.2**	**230.5**

Consolidated balance sheets

	June 30 2009	*Dec 30 2008*
Assets		
Intangible assets	6.3	–
Tangible assets	2.4	2.8
Financial assets	42,372.7	49,042,.3
Current receivables	83,530.4	107,318.9
Marketable securities	7,104.1	5,376.2
Cash and bank balances	14,099.4	8,186.2
Total assets	**147,115.3**	**169,926.4**
Shareholders' equity and liabilities		
Shareholders' equity	3,380.6*	4,219.1
Non-current liabilities	87,295.3	70,726.6
Current liabilities	56,439.4	94,980.7
Total shareholder's equity and liabilities	**147,115.3**	**169,926.4**

* On 14th September, 2009, the Issuer received a shareholder's contribution of SEK 10 billion from the Parent.

Consolidated Cash-flow statements of the Issuer

SEK million	*First six months 2009*	*First six months 2008*
ACTIVITIES DURING THE PERIOD		
Cash flow from operating activities	-8,872.1	-10,456.7
Cash flow from investing activities	-6.3	–
Cash flow from financing activities	14,792.4	6,699.2
Cash flow during the period	**5,914.0**	**-3,757.5**
Liquid funds, January 1	8,186.2	5,236.5
Exchange-rate differences in liquid funds	-0.8	-1.2
Liquid funds at the end of the period	14,099.4	1,477.8

SELECTED FINANCIAL INFORMATION OF THE PARENT

Consolidated income statements of the Parent

SEK million	*For the years ended* *2007*	*2008*
Net sales	285,405	**303,667**
Cost of sales	(219,600)	**(237,578)**
Gross income	65,805	**66,089**
Research and development expenses	(11,059)	**(14,348)**
Selling expenses	(26,068)	**(27,129)**
Administrative expenses	(7,133)	**(6,940)**
Other operating income and expenses	163	**(1,915)**
Income from investments in associated companies	430	**25**
Income from other investments	93	**69**
Operating income	22,231	**15,851**
Interest income and similar credits	952	**1,171**
Interest expenses and similar charges	(1,122)	**(1,935)**
Other financial income and expenses	(504)	**(1,077)**
Income after financial items	21,557	**14,010**
Income taxes	(6,529)	**(3,994)**
Income for the period	15,028	**10,016**
Attributable to:		
Equity holders of the parent company	14,932	**9,942**
Minority interests	96	**74**
	15,028	**10,016**
Basic earnings per share, SEK	7.37	**4.90**
Diluted earnings per share, SEK	7.37	**4.90**

Consolidated balance sheets of the Parent

SEK million	*December 31, 2007*		*As at* *December 31, 2008*	
Assets				
Non-current assets				
Intangible assets		36,508		**43,958**
Tangible assets				
Property, plant and equipment	46,054		**56,248**	
Investment property	1,156		**1,022**	
Assets under operating leases	22,502	69,712	**25,429**	**82,699**
Financial assets				
Associated companies	657		**652**	
Other shares and participations	1,562		**1,301**	
Long-term customer-financing receivables	40,486		**50,432**	
Deferred tax assets	8,783		**11,180**	
Other long-term receivables	4,779	56,267	**6,159**	**69,724**
Total non-current assets		162,487		**196,381**
Current assets				
Inventories		43,645		**55,045**
Short-term receivables				
Customer-financing receivables	38,361		**48,057**	
Current tax assets	1,703		**1,810**	
Other receivables	44,417	84,481	**47,512**	**97,379**
Marketable securities		16,490		**5,902**
Cash and cash equivalents		14,544		**17,712**
Total current assets		159,160		**176,038**
Total assets		321,647		**372,419**

Consolidated balance sheets of the Parent – continued

SEK million	*As at December 31, 2007*		*December 31, 2008*	
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	2,554		**2,554**	
Additional contributed capital	–		**–**	
Reserves	2,146		**5,078**	
Retained earnings	62,570		**66,436**	
Income for the period	14,932		**9,942**	
Equity attributable to the equity holders of the parent company	82,202		**84,010**	
Minority interests	579		**630**	
Total shareholders' equity		82,781		**84,640**
Non-current provisions				
Provisions for post-employment benefits	9,774		**11,705**	
Provisions for deferred taxes	9,127		**8,260**	
Other non-current provisions	7,301	26,202	**9,066**	**29,031**
Non-current liabilities				
Bond loans	42,298		**35,798**	
Other loans	21,149		**47,299**	
Other long-term liabilities	8,282	71,729	**9,511**	**92,608**
Current provisions		10,656		**11,750**
Current liabilities				
Loans	44,872		**62,631**	
Trade payables	52,663		**51,025**	
Current tax liabilities	451		**1,204**	
Other current liabilities	32,293	130,279	**39,530**	**154,390**
Total shareholders' equity and liabilities		321,647		**372,419**
Assets pledged		1,556		**1,380**
Contingent liabilities		8,153		**9,427**

Consolidated cash-flow statements of the Parent

SEK million		*For the years ended* *2007*		*2008*
Operating activities				
Operating income		22,231		**15,851**
Depreciation and amortization		12,474		**13,524**
Other items not affecting cash		(458)		**(133)**
Changes in working capital:				
(Increase)/decrease in receivables		(2,692)		**3,209**
(Increase)/decrease in customer finance receivables		(10,031)		**(10,174)**
(Increase)/decrease in inventories		(4,436)		**(6,664)**
Increase/(decrease) in liabilities and provisions		7,166		**(9,675)**
Interest and similar items received		1,077		**1,100**
Interest and similar items paid		(832)		**(1,302)**
Other financial items		(139)		**109**
Income taxes paid		(5,970)		**(5,076)**
Cash-flow from operating activities		18,390		**769**
Investing activities				
Investments in fixed assets	(10,150)		**(12,664)**	
Investments in leasing assets	(4,800)		**(5,440)**	
Disposals of fixed assets and leasing assets	2,945		**2,905**	
Shares and participations, net	436		**(29)**	
Acquired and divested subsidiaries and other business units, net	(15,013)		**(1,317)**	
Interest-bearing receivables including marketable securities	3,554	(23,028)	**10,882**	**(5,663)**
Cash-flow after net investments		(4,638)		**(4,894)**
Financing activities				
Increase/(decrease) in bond loans and other loans	28,746		**18,230**	
Cash payment to AB Volvo shareholders'	(20,255)		**(11,150)**	
Dividends to minority shareholders	(78)		**(54)**	
Other	(3)	8,410	**8**	**7,034**
Change in cash and cash equivalents, excluding translation differences		3,772		**2,140**
Translation difference on cash and cash equivalents		15		**1,028**
Change in cash and cash equivalents		3,787		**3,168**
Cash and cash equivalents, January 1		10,757		**14,544**
Cash and cash equivalents, December 31		14,544		**17,712**

The effects of major acquisitions and divestments of subsidiaries in each year have been excluded from other changes for the balance sheet items in the cash-flow statement. The effects of currency movements in translation of foreign Group companies have also been excluded since these effects do not affect cash flow. Cash and cash equivalents include cash and bank balances.

Consolidated income statements of the Parent

SEK million	*For the nine months ended 30 September 2009*	*30 September 2008*
Net sales	**158,563**	**226,649**
Cost of sales	**(136,386)**	(173,912)
Gross income	**22,177**	**52,737**
Research and development expenses	**(9,827)**	(10,097)
Selling expenses	**(19,248)**	(19,654)
Administrative expenses	**(4,486)**	(5,408)
Other operating income and expenses	**(3,297)**	(807)
Income from investments in associated companies	**(30)**	13
Income from other investments	**14**	66
Operating income	**(14,697)**	**16,850**
Interest income and similar credits	**295**	804
Interest expenses and similar charges	**(2,673)**	(1,177)
Other financial income and expenses	**(617)**	43
Income after financial items	**(17,693)**	**16,520**
Income taxes	**4,992**	(5,156)
Income for the period	**(12,700)**	**11,364**
Attributable to:		
Equity holders of the parent company	**(12,720)**	11,303
Minority interests	**20**	61
	(12,700)	**11,364**
Basic earnings per share, SEK	**(6.27)**	5.58
Diluted earnings per share, SEK	**(6.27)**	5.58
Other comprehensive income		
Income for the period	**(12,700)**	11,364
Exchange differences on translation of foreign operations	**(2,662)**	578
Exch diff on hedge instruments of net investm in foreign operations	**203**	(84)
Accumulated translation difference reversed to income	**(136)**	26
Available for sale investments	**89**	(324)
Cash flow hedges	**2,281**	(1,022)
Other comprehensive income, net of tax	**(225)**	(826)
Total comprehensive income for the period *	**(12,925)**	**10,538**
* Attributable to		
Equity holders of the parent company	**(12,973)**	10,474
Minority interests	**48**	64
	(12,925)	10,538

Consolidated balance sheets of the Parent

SEK million	*30 September 2009*	*31 December 2008*
Assets		
Non-current assets		
Intangible assets	**40,795**	43,958
Tangible assets		
Property, plant and equipment	**54,311**	57,270
Assets under operating leases	**20,480**	25,429
Financial assets		
Shares and participations	**1,971**	1,953
Non-current customer-financing receivables	**41,682**	50,432
Deferred tax assets	**11,167**	11,180
Prepaid pensions	**2,298**	2,442
Non-current interest-bearing receivables	**637**	694
Other non-current receivables	**3,001**	3,023
Total non-current assets	**176,342**	**196,381**
Current assets		
Inventories	**42,224**	55,045
Current receivables		
Customer-financing receivables	**40,249**	48,057
Tax assets	**1,668**	1,810
Interst-bearing receivables	**414**	1,965
Internal funding	**–**	–
Accounts receivable	**19,857**	30,523
Other receivables	**14,574**	15,024
Non interest-bearing assets held for sale	**2,603**	–
Interest-bearing assets held for sale	**8**	–
Marketable securities	**14,586**	5,902
Cash and cash equivalents	**18,922**	17,712
Total current assets	**155,105**	**176,038**
Total assets	**331,447**	**372,419**

Consolidated balance sheets of the Parent– continued

SEK million	*30 September 2009*	*31 December 2008*
Shareholders' equity and liabilities		
Equity attributable to the equity holders of the parent company	**66,977**	84,010
Minority interests	**704**	630
Total shareholders' equity	**67,681**	**84,640**
Non-current provisions		
Provisions for post-employment benefits	**11,804**	11,705
Provisions for deferred taxes	**4,043**	8,260
Other provisions	**6,534**	8,136
Non-current liabilities		
Bond loans	**45,068**	35,798
Other loans	**52,398**	47,298
Internal funding	**–**	–
Other liabilities	**9,972**	10,442
Current provisions	**9,674**	10,883
Current liabilities		
Loans	**59,888**	62,631
Internal funding	**–**	–
Non-interest-bearing liabilities held for sale	**593**	–
Interest-bearing liabilities held for sale	**45**	–
Trade payables	**28,447**	51,025
Tax liabilities	**829**	1,204
Other liabilities	**34,471**	40,397
Total shareholders' equity and liabilities	**331,447**	**372,419**
Contingent liabilities	**9,912**	9,427

Consolidated cash-flow statements of the Parent

SEK billion	*For the nine months ended 30 September 2009*	*30 September 2008*
Operating activities		
Operating income	**(14.7)**	16.9
Depreciation and amortization	**11.7**	10.1
Other non-cash items	**3.1**	(0.5)
Change in working capital	**3.9**	(24.2)
Financial items and income taxes paid	**(3.1)**	(4.1)
Cash-flow from operating activities	**0.9**	**1.8**
Investing activities		
Investments in fixed assets	**(7.3)**	(8.3)
Investments in leasing vehicles	**(3.1)**	(3.6)
Disposals of fixed assets and leasing vehicles	**2.8**	1.9
Operating cash flow	**(6.7)**	**(11.8)**
Investments and divestments of shares, net	**0.0**	0.0
Acquired and divested operations, net	**0.1**	(1.1)
Interest-bearing receivables incl marketable securities	**(7.0)**	4.1
Cash-flow after net investments	**(13.6)**	**(8.8)**
Financing activities		
Change in loans, net	**19.4**	18.0
Dividend to AB Volvo shareholders	**(4.1)**	(11.1)
Dividend to minority shareholders	**0.0**	(0.1)
Other	**0.0**	0.0
Change in cash and cash equivalents, excluding translation differences	**1.7**	(2.0)
Translation difference on cash and cash equivalents	**(0.5)**	0.1
Change in cash and cash equivalents	**1.2**	**(1.9)**

TAXATION

The statements below in relation are general in nature and neither these statements nor any other statements in this Prospectus are to be regarded as advice on the tax position of any Noteholder or any person purchasing, selling or otherwise dealing in Notes. Prospective holders of Notes and Noteholders who are in doubt about their tax position should consult their own professional advisers.

Sweden

The Issuer and the Parent have been advised that under Swedish tax laws in effect on the date of this Prospectus there is no withholding tax in respect of payments in respect of any Notes, Receipts or Coupons made by either Issuer or the Parent to individuals not resident for tax purposes in Sweden nor are any Swedish taxes payable by Noteholders, Receiptholders or Couponholders not resident for tax purposes in Sweden on interest or principal received or on redemption of any Notes, assuming that the Notes, Receipts or Coupons are not attributable to a permanent establishment in Sweden. Thus Noteholders, Receiptholders and Couponholders who are not resident for tax purposes in Sweden or for any other reason subject to Swedish income tax or any other taxes are not liable to Swedish tax on payment of interest or principal on, or redemption of, or on capital gains on the sale of, any Notes, Receipts or Coupons.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws in force in Luxembourg at the date of this Prospectus, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21st June, 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1st July, 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005, as amended (the "Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC (the "Taxation of Savings Income Directive") on the taxation of savings income, Member States, including Belgium from 1st January, 2010, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15th September, 2008 the European Commission issued a report to the Council of the European Union on the operation of the Taxation of Savings Income Directive, which included the Commission's advice on the need for changes to the Directive. On 13th November, 2008 the European Commission published a more detailed proposal for amendments to the Taxation of Savings Income Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24th April, 2009. If any of those proposed changes are made in relation to the Taxation of Savings Income Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the "Programme Agreement") dated 11th November, 2009, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, the Issuer and the Parent have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations thereunder.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which (and, in relation to Sweden, during each of the two previous financial years) has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "*Prospectus Directive*"means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, in each case where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Parent; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

France

Each of the Issuer and the Parent and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) ***Offer to the public in France:***

it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* ("AMF"), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the prospectus all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and in each case, (iii) when the formalities required by French laws are regulations have been carried out; or

(b) ***Private placement in France:***

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Sweden

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that the Notes will only be offered to the public in Sweden if (A) the procedure and provisions under "Subscription and Sale" and "Public Offer Selling Restriction under the Prospectus Directive" in this Prospectus are complied with; (B) the amount of the Notes offered to each investor is equivalent to at least €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); (C) the minimum denomination of each Note is €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); (D) the Notes have a maturity of less than one year; or (E) a prospectus in relation to such Notes has been approved by *Finansinspektionen* ("FI") and published or, where a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, where such approval has been notified to FI, all in accordance with the provisions of *Lag (1991:980) om handel med finansiella instrument.*

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus or any other information in relation to the Programme or the issue of any Notes thereunder and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Parent, the Issuer and any other Dealer shall have any responsibility therefor.

GENERAL INFORMATION

Authorisation

The establishment and operation of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer passed on 26th March, 1993, 26th August, 1994, 15th September, 1995, 7th December, 1995, 29th November, 1996, 16th December, 1998, 7th February, 2000, 10th October, 2003, 6th October, 2006 and 12th October, 2007.

The establishment of the Programme and the giving of guarantees in respect of Notes issued under the Programme has been duly authorised by resolutions of the Board of Directors of the Parent passed on 1st June, 1994, 9th June, 1995, 26th November, 1996, 9th December, 1998, 14th February, 2000, 7th October, 2003, 7th September, 2006 and 18th October, 2007.

Listing and admission to trading of Notes on the Luxembourg Stock Exchange

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg,* and to be admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC.

Documents Available

For so long as Notes issued under the Programme are admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg,* and admitted to the Official List of the Luxembourg Stock Exchange, copies of the following documents will, when published, be obtainable at the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg:

(i) the constitutional documents in English of the Issuer and the Parent;

(ii) the financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2007 and 31st December, 2008 and the consolidated financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2007 and 31st December, 2008, in each case together with the audit reports prepared in connection therewith;

(iii) the most recent publicly available audited annual financial statements of the Issuer and the Parent, the most recent publicly available audited annual consolidated financial statements of the Issuer and the Parent, the most recently publicly available semi-annual unaudited interim financial statements of the Issuer and the most recent publicly available quarterly unaudited interim financial statements of the Parent, in each case in English and together with any audit or review reports prepared in connection therewith;

(iv) the Programme Agreement, the Trust Deed (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons and information relating to the Guarantee), the Agency Agreement;

(v) a copy of this Prospectus;

(vi) any future prospectuses, offering circulars, information memoranda, supplements, documents incorporated by reference and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holders must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to the identity of such holders) relating to the Programme; and

(vii) in the case of an issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, and subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Prospectus, any supplement to this Prospectus, any Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Except as disclosed in this Prospectus (including the documents incorporated by reference) there has been:

(i) no significant change in the financial or trading position of the Issuer since 30th June, 2009;

(ii) no significant change in the financial or trading position of the Parent or the Volvo Group since 30th September, 2009; and

(iii) no material adverse change in the prospects of the Issuer, the Parent or the Volvo Group, in each case, since 31st December, 2008.

Litigation

Except as described on pages 98 to 99 under "Litigation", neither the Issuer nor the Parent is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Parent are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Parent and/or the Volvo Group.

Auditors

The auditors of the Parent and the Issuer are PricewaterhouseCoopers AB, who have audited the accounts of the Parent and the Issuer, without qualification, in accordance with generally accepted auditing principles in Sweden for the financial periods ended 31st December, 2007 and 31st December, 2008. PricewaterhouseCoopers AB is a member of FAR (the professional institute for authorised public accountants (*auktoriserade revisorer*), approved public accountants (*godkända revisorer*) and other highly qualified professionals in the accountancy sector in Sweden).

The auditors of the Parent and the Issuer have no material interest in the Parent or the Issuer.

The reports of the auditors of the Parent and the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the relevant auditors who have authorised the contents of that part of this Prospectus.

Post-issuance information

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

Certificates and reports

The Trust Deed provides that the Trustee may rely on certificates or reports from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (together an "Expert") in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Expert in connection therewith contains any limit on the liability of such Expert.

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