

## PROSPECTUS



### Volvo Treasury AB (publ)

(Incorporated with limited liability under the laws of Sweden)

under the guarantee of

### AB Volvo (publ)

(Incorporated with limited liability under the laws of Sweden)

**U.S.\$15,000,000,000**

### Euro Medium Term Note Programme

On 29th November, 1994 Volvo Treasury AB (publ) (the "Issuer") and Volvo Group Finance Europe B.V. ("Volvo Europe") entered into a U.S.\$500,000,000 Euro Medium Term Note Programme (the "Programme"). The Programme was subsequently increased on 17th October, 1996, 18th March, 1999, 24th March, 2000, 28th October, 2004, 9th November, 2006 and 16th November, 2007, in each case in accordance with its terms. On 7th August, 1997 Volvo Group Treasury Asia Ltd. ("Volvo Asia") and Volvo Treasury US LLC ("Volvo US") were added as issuers under the Programme. On 2nd October, 1998 the Issuer was substituted in accordance with Condition 18 as an issuer in respect of notes issued prior to 2nd October, 1998 by Volvo Europe. As from 24th November, 1998 Volvo Europe and Volvo Asia have ceased to be issuers under the Programme in respect of issues made after such date. Volvo Asia has no outstanding Notes under the Programme. As from 6th November, 2002, Volvo US has ceased to be an issuer under the Programme in respect of issues made after such date. Volvo US has no outstanding Notes under the Programme. Any Notes (as defined below) issued under the Programme after the date hereof are issued subject to the provisions set out herein. This does not affect any Notes issued under the Programme prior to the date hereof. Under the Programme, the Issuer may from time to time issue notes (the "Notes") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

The payments of all amounts payable in respect of all Notes will be unconditionally and irrevocably guaranteed by AB Volvo (publ) (the "Parent" or "AB Volvo").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$15,000,000,000 (or its equivalent in other currencies calculated as described herein) subject to increase as provided herein. A description of the restrictions applicable at the date of this Prospectus relating to the maturity and denomination of certain Notes is set out on pages 34 to 35 and 37 respectively.

The Notes will be issued on a continuing basis to one or more of the Dealers specified on page 34 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers"). References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks.** For a discussion of these risks see "Risk Factors" below.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg law dated 10th July, 2005 on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) as amended by the Luxembourg law dated 3rd July, 2012 (the "Prospectus Act 2005") to approve this document as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive")). Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date hereof to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined on page 59) of Notes will be set forth in a final terms document (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF. The Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, is a regulated market for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive"). The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer or the Parent in accordance with Article 7(7) of the Prospectus Act 2005.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (as defined below), the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) or more.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes of each Tranche will be in bearer form and will initially be represented by a temporary global Note which will (i) if the global Notes are intended to be issued in new global note ("NGN") form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"); and (ii) if the global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for Euroclear and Clearstream, Luxembourg. The temporary global Note will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A permanent global Note will be exchangeable, unless otherwise specified in the applicable Final Terms, for definitive Notes only upon the occurrence of an Exchange Event, all as further described in "Form of the Notes" below.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will be specified in the applicable Final Terms along with confirmation of whether or not such rating will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "CRA Regulation"). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") will appear on its website (<http://www.esma.europa.eu/page>List-registered-and-certified-CRAs>) in accordance with the CRA Regulation (as of 30th July, 2012). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "Subscription and Sale" below).

#### Arranger

**BofA Merrill Lynch**

#### Dealers

**BNP PARIBAS**

**Citigroup**

**Deutsche Bank**

**HSBC**

**Nordea**

**Swedbank**

**BofA Merrill Lynch**

**Danske Bank**

**Handelsbanken Capital Markets**

**J.P. Morgan**

**SEB**

**The Royal Bank of Scotland**

The date of this Prospectus is 14th November, 2012.

## **IMPORTANT INFORMATION**

**This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.**

**This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus (see "Documents Incorporated by Reference" below).**

**Save for the Issuer and the Parent, no other party has verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer and/or the Parent. Neither the Dealers nor the Trustee accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer and/or the Parent in connection with the Programme.**

**No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Parent, any of the Dealers or the Trustee.**

**Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Parent, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Parent. Neither this Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or the Parent or any of the Dealers to any person to subscribe for or to purchase any Notes.**

**Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Parent is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer and/or the Parent during the life of the Programme. Investors should review, inter alia, the most recent financial statements, if any, of the Issuer and the Parent when deciding whether or not to purchase any Notes.**

## **IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES**

### **Restrictions on Non-exempt Offers of Notes in Relevant Member States**

**Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Non-exempt Offer". This Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes. However, any person making or intending to make a Non-exempt Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") may only do so if this Prospectus 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) and published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Prospectus in connection with such offer as provided under "Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)" below and the terms of that consent are complied with by the person (the "Offeror") making the Non-exempt Offer of such Notes.**

**Save as provided above, none of the Issuer, the Parent and any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.**

## **Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)**

**Any person (an “Investor”) intending to acquire or acquiring any Notes from any Offeror other than the Issuer or a relevant Dealer should be aware that, in the context of a Non-exempt Offer of such Notes, the Issuer and the Parent will be responsible to the Investor for this Prospectus under Article 6 of the Prospectus Directive only if the Issuer has consented to the use of this Prospectus by that Offeror to make the Non-exempt Offer to the Investor. None of the Issuer, the Parent and any Dealer makes any representation as to the compliance by that Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer, the Parent and any Dealer has any responsibility or liability for the actions of that Offeror. Save as provided below, none of the Issuer, the Parent and any Dealer has authorised the making of any Non-exempt Offer by any Offeror or consented to the use of this Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Parent and any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.**

**In connection with each Tranche of Notes, and provided that the applicable Final Terms specifies an Offer Period, the Issuer consents to the use of this Prospectus in connection with a Non-exempt Offer of such Notes subject to the following conditions:**

- (i) the consent is only valid during the Offer Period so specified;**
- (ii) the only Offerors authorised to use this Prospectus to make the Non-exempt Offer of the relevant Tranche of Notes are the relevant Dealer and either:**
  - (a) (i) if the applicable Final Terms names financial intermediaries authorised to offer the Notes, the financial intermediaries so named or (ii) if the Issuer appoints additional financial intermediaries after the date of the applicable Final Terms and publishes details of them on its website, each financial intermediary whose details are so published; or**
  - (b) in any other case, any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive which states on its website that it is relying on this Prospectus to offer the relevant Tranche of Notes during the Offer Period;**
- (iii) the consent only extends to the use of this Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in each Relevant Member State specified in the applicable Final Terms; and**
- (iv) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.**

**Any Offeror falling within sub-paragraph (ii)(b) above who meets all of the other conditions stated above and wishes to use this Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website that it is relying on this Prospectus for such Non-exempt Offer with the consent of the Issuer.**

**The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Prospectus. The Issuer and the Parent accept responsibility, in the jurisdictions to which the consent to use the Prospectus extends, for the content of this Prospectus in relation to any Investor who acquires any Notes in a Non-exempt Offer made by any person to whom consent has been given to use this Prospectus in that connection in accordance with the preceding paragraph, provided that such Non-exempt Offer has been made in accordance with all the conditions attached to that consent.**

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF**

**THE ISSUER, THE PARENT AND ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

**IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY**

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Parent, the Dealers and the Trustee do not represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Parent, the Dealers or the Trustee which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Japan, France, Hong Kong, the People's Republic of China (the "PRC"), Singapore and Sweden (see "Subscription and Sale" below).

**PRESENTATION OF INFORMATION**

All references in this document to "SEK" refer to Swedish krona, those to "Yen", "JPY" and "¥" refer to Japanese Yen, those to "USD", "U.S. dollars" and "U.S.\$" refer to United States dollars, those to "GBP", "£" and "Sterling" refer to pounds sterling, those to "CNY", "RMB" and "Renminbi" are to the lawful currency of the PRC which, for the purposes of this Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan and those to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **RESPONSIBILITY STATEMENT**

**Each of the Issuer and the Parent accepts responsibility for the information contained in this Prospectus and the Final Terms relating to any Tranche of Notes. To the best of the knowledge of the Issuer and the Parent (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.**

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and regulations.**

## SUMMARY OF THE PROGRAMME

*Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for these types of securities and this type of issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in this summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".*

<b>Section A – Introduction and Warnings</b>		
A.1	<b>Introduction:</b>	<p>Warning that:</p> <ul style="list-style-type: none"> <li>• this summary should be read as an introduction to the Prospectus;</li> <li>• any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor;</li> <li>• where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</li> <li>• civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li> </ul>
A.2	<b>Consent:</b>	<p>[Not Applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[The Issuer consents to the use of the Prospectus in connection with a Non-exempt Offer of the Notes subject to the following conditions:</p> <ul style="list-style-type: none"> <li>(i) the consent is only valid during the period from [[●] until [●]/[the Issue Date]/[the date which falls [●] Business Days thereafter]] (the "Offer Period");</li> <li>(ii) the only Offerors authorised to use the Prospectus to make the Non-exempt Offer of the Notes are the relevant [Dealer/Managers] and [(i) [●] [and [●]] and/or (ii) if the Issuer appoints additional financial intermediaries after [●] (being the date of the Final Terms) and publishes details of them on its website, each financial intermediary whose details are so published]/[any financial intermediary which is authorised to make such an offer under Directive 2004/39/EC (the Markets in Financial Instruments Directive), which acknowledges on its website that it is relying on the Prospectus to offer the Notes during the Offer Period]; [and]</li> <li>(iii) the consent only extends to the use of the Prospectus to make Non-exempt Offers of the Notes in [●] [and [●]]; [and]</li> <li>(iv) the consent is subject to the following other condition[s]: [●].]</li> </ul>

		<p>[Any Offeror falling within sub-paragraph (ii) above who meets all of the other conditions stated above and wishes to use the Prospectus in connection with a Non-exempt Offer is required, at the relevant time, to publish on its website that it is relying on the Prospectus for such Non-exempt Offer with the consent of the Issuer.]</p> <p>An Investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Offeror other than the Issuer will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements (the "Terms and Conditions of the Non-exempt Offer"). The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in connection with the Non-exempt Offer or sale of the Notes and, accordingly, the Prospectus and the applicable Final Terms will not contain such information. The Terms and Conditions of the Non-exempt Offer shall be published by that Offeror on its website at the relevant time. None of the Issuer, the Guarantor and any of the Dealers has any responsibility or liability to an Investor in respect of such information.</p>
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#### Section B – Issuer and Guarantor

B.1	<b>Legal name and commercial name of the Issuer:</b>	Volvo Treasury AB (publ)
B.2	<b>Domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation:</b>	The Issuer is registered with the Swedish Companies Registration Office as a public company with limited liability under Swedish law and is domiciled in Sweden. The registered office of the Issuer is at SE-405 08, Göteborg, Sweden.
B.4b	<b>Trends:</b>	Not Applicable. There are no particular trends indicated by Volvo Treasury AB (publ).
B.5	<b>The Volvo Group and the Issuer's position within the Volvo Group:</b>	<p>The Issuer is a wholly owned subsidiary of AB Volvo (publ), the guarantor (the "Guarantor"), which is the holding company of the Volvo Group companies.</p> <p>The Volvo Group is an international transport equipment group with a worldwide marketing organisation and production.</p> <p>The Volvo Group has its headquarters in Sweden and its sales are mainly to Europe, North America and Asia. The Volvo Group operates in an international environment with production and assembly carried out on six continents.</p>
B.9	<b>Profit Forecast or Estimate:</b>	Not Applicable. The Issuer does not provide profit forecasts or estimates.
B.10	<b>Audit Report Qualifications:</b>	Not Applicable. There are no qualifications in the audit reports to the Annual Report 2010 and the Annual Report 2011.
B.12	<b>Selected Key Historical Financial Information:</b>	Key consolidated audited financial information as at 31st December, 2010 and 31st December, 2011 and the consolidated unaudited financial information as at 30th June, 2012. This information has been extracted from the Annual Report 2010, the Annual Report 2011 and the Semi-Annual Report for the First Half of the Financial Year 2012 which are incorporated by reference into the Prospectus.

		<b>Key figures – Consolidated income statements of the Issuer</b>	<i>For the years ended</i>	
		<i>SEK million</i>	<i>2011</i>	<i>2010</i>
		Net interest income	1,713.2	1,313.7
		Gross income	1,759.2	1,167.8
		Operating income	1,650.0	1,061.2
		Net income	1,208.7	786.8
		Total comprehensive income for the year	1,215.2	795.2
		<b>Key figures – Consolidated balance sheets of the Issuer</b>		
		<i>SEK million</i>	<i>As at 31 December 2011</i>	<i>As at 31 December 2010</i>
		Non-current assets	33,248.0	25,537.4
		Current assets	122,261.0	116,396.1
		<b>Total Assets</b>	<b>155,509.0</b>	<b>141,933.5</b>
		Shareholders' equity	14,998.2	14,729.7
		Non-current liabilities	71,226.7	65,725.3
		Current liabilities	69,282.5	61,472.6
		<b>Total shareholders' equity and liabilities</b>	<b>155,509.0</b>	<b>141,933.5</b>
		<b>Key figures – Consolidated income statements of the Issuer</b>		
		<i>For the six months ended</i>		
		<i>SEK million</i>	<i>30 June 2012</i>	<i>30 June 2011</i>
		Net interest income	577.6	744.4
		Gross income	579.2	766.7
		Operating income	522.8	710.7
		Net income	387.2	526.1
		Total comprehensive income for the period	399.9	517.2
		<b>Key figures – Consolidated balance sheets of the Issuer</b>		
		<i>SEK million</i>	<i>As at 30 June 2012</i>	<i>As at 31 December 2011</i>
		<b>Total Assets</b>	<b>166,463.6</b>	<b>155,509.0</b>
		Shareholders' equity	15,398.1	14,998.2
		Non-current liabilities	69,291.2	71,228.3
		Current liabilities	81,774.3	69,282.5
		<b>Total shareholders' equity and liabilities</b>	<b>166,463.6</b>	<b>155,509.0</b>

		<p>There has been no material adverse change in the prospects of the Issuer since 31st December, 2011, the date of the latest published annual audited accounts of the Issuer.</p> <p>There has been no significant change in the financial or trading position of the Issuer since 30th June, 2012, the date of the latest interim accounts of the Issuer.</p>
B.13	<b>Recent Events:</b>	Not Applicable. There have been no recent events which the Issuer considers material to the Investors since the publication of the Semi-Annual Report for the First Half of the Financial Year 2012.
B.14	<b>Dependence of the Issuer upon other Entities within the Group:</b>	See Element B.5 for the Volvo Group and the Issuer's position within the Volvo Group. The Issuer is the parent company of Volvo Treasury Asia Ltd which in turn is the parent company of Volvo Treasury Australia Pty Ltd.
B.15	<b>The Issuer's Principal Activities:</b>	The Issuer, Volvo Treasury North America L.P. and their respective subsidiaries (collectively referred to as "Volvo Treasury") are acting as internal banks for the Volvo Group. They support the Volvo Group companies with services related to treasury and cash management. Volvo Treasury conducts most of the financial transactions of the Volvo Group. Volvo Treasury is responsible for all interest-bearing assets and liabilities as well as all foreign exchange and funding operations within the Volvo Group. The Volvo Group operates by consolidating financial management which allows the Issuer to utilise the Volvo Group's financial assets and cash flow and manage risks related to financial management.
B.16	<b>Controlling Persons:</b>	The sole direct shareholder of the Issuer is AB Volvo (publ). AB Volvo (publ) is, directly or indirectly, also the holding company of all the companies in the Volvo Group.
B.17	<b>Credit Ratings:</b>	Not Applicable. There have been no credit ratings assigned to the Issuer. Credit ratings may be issued in relation to relevant Series of Notes but this will only be disclosed in the Final Terms.
B.18	<b>Description of the Guarantee:</b>	The payment of the principal and interest in respect of all Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional and (subject to the Guarantor's negative pledge described in Element C.8 below) unsecured and unsubordinated obligations of the Guarantor and (subject as aforesaid) will at all times rank <i>pari passu</i> equally with all other unsecured and unsubordinated obligations, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, relating to the extent permitted by applicable laws relating to creditors' rights.
B.19 B.1	<b>Information about the Guarantor:</b>	
B.19 B.1	<b>Legal and commercial name of the Guarantor:</b>	AB Volvo (publ)
B.19 B.2	<b>Domicile and legal form of the Guarantor, the legislation under which Guarantor operates and its country of incorporation:</b>	The Guarantor is registered with the Swedish Companies Registration Office as a public company with limited liability under Swedish law and is domiciled in Sweden. The registered office of the Guarantor is at SE-405 08, Göteborg, Sweden.

B.19 B.4b	<b>Trends:</b>	The Volvo Group operates in industries characterized by cyclicity in business conditions and demand, intense competition, changes in prices for commercial vehicles and government regulations. Changing financial conditions such as currency fluctuations, fluctuations in interest levels, valuations of shares or similar instruments and the availability of credit for customers may also affect the Volvo Group's profitability. Operational conditions such as market reception of new products, fluctuations in raw material prices and disruptions in deliveries of raw materials and components from suppliers may also affect profitability.																																																															
B.19 B.5	<b>The Group and the Guarantor's position within the Group:</b>	The Guarantor is, directly or indirectly, the holding company of all the companies in the Volvo Group and the assets of the Guarantor are substantially comprised of shares in Volvo Group companies.																																																															
B.19 B.9	<b>Profit Forecast or Estimate:</b>	Not Applicable. AB Volvo (publ) does not provide profit forecasts or estimates.																																																															
B.19 B.10	<b>Audit Report Qualifications:</b>	Not Applicable. There are no qualifications in the audit reports to the Annual Report 2010 and the Annual Report 2011.																																																															
B.19 B.12	<b>Selected Key Historical Financial Information:</b>	<p>Key consolidated audited financial information as at 31st December, 2010 and 31st December, 2011 and the consolidated unaudited financial information as at 30th September, 2012. This information has been extracted from the Annual Report 2010, the Annual Report 2011 and the Report for the First Three Quarters of the Financial Year 2012 which are incorporated by reference into the Prospectus.</p> <p><b>Key figures – Consolidated income statements of the Guarantor</b></p> <table> <thead> <tr> <th style="text-align: left;"><i>SEK million</i></th> <th style="text-align: right;"><i>For the years ended</i></th> <th></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>2011</i></th> <th style="text-align: right;"><i>2010</i></th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td style="text-align: right;">310,367</td> <td style="text-align: right;">264,749</td> </tr> <tr> <td>Gross income</td> <td style="text-align: right;">75,263</td> <td style="text-align: right;">62,952</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">26,899</td> <td style="text-align: right;">18,000</td> </tr> <tr> <td>Income after financial items</td> <td style="text-align: right;">24,929</td> <td style="text-align: right;">15,514</td> </tr> <tr> <td>Income for the period</td> <td style="text-align: right;">18,115</td> <td style="text-align: right;">11,212</td> </tr> </tbody> </table> <p><b>Key figures – Consolidated balance sheets of the Guarantor</b></p> <table> <thead> <tr> <th style="text-align: left;"><i>SEK million</i></th> <th style="text-align: right;"><i>As at</i></th> <th style="text-align: right;"><i>As at</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>31 December</i></th> <th style="text-align: right;"><i>31 December</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>2011</i></th> <th style="text-align: right;"><i>2010</i></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td style="text-align: right;">180,585</td> <td style="text-align: right;">170,868</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">172,659</td> <td style="text-align: right;">147,139</td> </tr> <tr> <td><b>Total Assets</b></td> <td style="text-align: right;"><b>353,244</b></td> <td style="text-align: right;"><b>318,007</b></td> </tr> <tr> <td>Shareholders' equity</td> <td style="text-align: right;">85,681</td> <td style="text-align: right;">74,121</td> </tr> <tr> <td>Non-current provisions</td> <td style="text-align: right;">17,949</td> <td style="text-align: right;">17,968</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">96,404</td> <td style="text-align: right;">93,325</td> </tr> <tr> <td>Current provisions</td> <td style="text-align: right;">9,531</td> <td style="text-align: right;">8,534</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">143,679</td> <td style="text-align: right;">124,059</td> </tr> <tr> <td><b>Total shareholders' equity and liabilities</b></td> <td style="text-align: right;"><b>353,244</b></td> <td style="text-align: right;"><b>318,007</b></td> </tr> <tr> <td>Assets pledged</td> <td style="text-align: right;">1,832</td> <td style="text-align: right;">3,339</td> </tr> <tr> <td>Contingent liabilities</td> <td style="text-align: right;">17,154</td> <td style="text-align: right;">11,003</td> </tr> </tbody> </table>	<i>SEK million</i>	<i>For the years ended</i>			<i>2011</i>	<i>2010</i>	Net sales	310,367	264,749	Gross income	75,263	62,952	Operating income	26,899	18,000	Income after financial items	24,929	15,514	Income for the period	18,115	11,212	<i>SEK million</i>	<i>As at</i>	<i>As at</i>		<i>31 December</i>	<i>31 December</i>		<i>2011</i>	<i>2010</i>	Non-current assets	180,585	170,868	Current assets	172,659	147,139	<b>Total Assets</b>	<b>353,244</b>	<b>318,007</b>	Shareholders' equity	85,681	74,121	Non-current provisions	17,949	17,968	Non-current liabilities	96,404	93,325	Current provisions	9,531	8,534	Current liabilities	143,679	124,059	<b>Total shareholders' equity and liabilities</b>	<b>353,244</b>	<b>318,007</b>	Assets pledged	1,832	3,339	Contingent liabilities	17,154	11,003
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B.19 B.13	<b>Recent Events:</b>	Not Applicable. There have been no recent events which the Guarantor considers material to the Investors since the publication of the Volvo Group Report on the first nine months 2012.																																																			
B.19 B.14	<b>Dependence of the Guarantor upon other Entities within the Groups:</b>	See Element B.19 B.5 for a description of the Group and the Guarantor's position within the Group. The Guarantor does not conduct any business itself and is therefore dependent on the Volvo Group companies and the revenues received by them.																																																			

B.19 B.15	<b>The Guarantor's Principal Activities:</b>	<p>The Guarantor is the parent company of the Volvo Group.</p> <p>The Volvo Group is an international transport equipment group with a worldwide marketing organisation and production. The Volvo Group operates in the area of vehicles for commercial use which includes trucks, buses, construction equipment and marine and industrial engines. Operations also include financial services.</p>
B.19 B.16	<b>Controlling Persons:</b>	As at 28th September, 2012, the largest shareholder held shares representing 17.8 per cent of the votes and 6.8 per cent. of the share capital of the Guarantor.
B.19 B.17	<b>Credit ratings:</b>	The Guarantor is, as at 14th November, 2012, rated Baa2 by Moody's, BBB by Standard & Poor's and A by R&I (Japan).

### Section C –The Notes

C.1	<b>Type of Security:</b>  <b>Securities Identification Numbers:</b>	<p>The Notes are [£/€/U.S.\$/[●]] [[●] per cent./Floating Rate/Zero Coupon] Notes due [●].</p> <p>Notes are issued in separate Series [which may comprise one or more Tranches]. The Series number is [●]. [The Tranche number is [●].]</p> <p>The ISIN is [●].</p> <p>The Common Code is [●].</p>
C.2	<b>Currencies:</b>	The currency of the Notes is [●].
C.5	<b>Restrictions on Transferability:</b>	Not applicable. There are no restrictions on the free transferability of the Notes.
C.8	<b>The Rights attaching to the Notes, Ranking and Limitations:</b>	<p><b>Trust Deed:</b> The Notes will be constituted by a trust deed (such trust deed as amended and/or supplemented and/or restated from time to time, the "Trust Deed") dated 29th November, 1994 made between, inter alios, the Issuer, the Guarantor and Deutsche Trustee Company Limited (the "Trustee") as trustee for the holders of the Notes. The Trustee will have certain rights as described below and no Noteholder or holder of any interest coupon shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to do, fails so to do within a reasonable period and such failure is continuing.</p> <p><b>Guarantee:</b> The payment of the principal and interest in respect of all Notes will be unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Trust Deed. The obligations of the Guarantor under such guarantee will be direct, unconditional, (subject to the provisions of the negative pledge described below) unsecured and unsubordinated obligations of the Guarantor and (subject as aforesaid) will at all times rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.</p> <p><b>Negative Pledge:</b> The Notes have the benefit of a negative pledge provision in respect of External Indebtedness of the Issuer, the Guarantor and any subsidiary of the Issuer or the Guarantor.</p> <p>"External Indebtedness" means any loan or other indebtedness (or any guarantee thereof) which is:</p>

	<p>(i) in the form of or represented by any bonds, notes or other securities for the time being quoted, listed or dealt in on any stock exchange or over-the-counter market; and</p> <p>(ii) either (a) denominated or payable in a currency other than euro and initially offered by or on behalf of the Issuer or the Guarantor or the relevant subsidiary (as the case may be) primarily to persons resident outside any country in the currency of which it is denominated or payable (whether compulsorily or at the option of the holder) or (b) denominated or payable in euro and initially offered by or on behalf of the Issuer or the Guarantor or the relevant subsidiary (as the case may be) primarily to persons resident outside Sweden and, if different, the country of incorporation of the Issuer or the Guarantor or the relevant subsidiary (as the case may be).</p> <p><b>Events of default:</b> The terms of the Notes will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> <li>(a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time;</li> <li>(b) non-performance or non-observance by the Issuer or the Guarantor of any of their respective other obligations under the conditions of the Notes or the Trust Deed, in certain cases continuing for a specified period of time;</li> <li>(c) a cross default provision in respect of indebtedness for borrowed money of the Issuer, the Guarantor or any Principal Subsidiary subject to an aggregate threshold of U.S.\$80,000,000 (or its equivalent in any other currency);</li> <li>(d) events relating to the insolvency or winding up of the Issuer, the Guarantor or any Principal Subsidiary; and</li> <li>(e) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect,</li> </ul> <p>provided that, in the case of any event other than that described in paragraph (a) above or in the case of the winding up or dissolution of the Issuer or the Guarantor (other than as part of a reorganisation approved by the Trustee), the Trustee shall have certified to the Issuer and the Guarantor that the event is, in its opinion, materially prejudicial to the interests of the Noteholders.</p> <p>“Principal Subsidiary” means each of:</p> <ul style="list-style-type: none"> <li>(a) Volvo Treasury AB (publ);</li> <li>(b) Volvo Truck Corporation; and</li> <li>(c) at any time a subsidiary of the Guarantor whose gross assets as shown by the latest audited accounts of such subsidiary represent 20 per cent. or more of the consolidated gross assets (less reserves for depreciation, amortisation and doubtful receivables) of the Guarantor and the consolidated subsidiaries as shown by the latest audited consolidated accounts of the Guarantor and the consolidated subsidiaries,</li> </ul> <p>and as further provided in the Trust Deed.</p> <p><b>Status of the Notes:</b> The Notes shall be issued on an unsubordinated basis.</p>
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C.9	<b>Interest, Redemption and Representation:</b>	<p>See Element C.8 for the Rights attached to the Notes, Ranking and Limitations.</p> <p><b>Interest:</b> Interest on the Notes in respect of each Interest Period will be payable [<i>on the first day of the next Interest Period/on the Interest Payment Date falling in the Redemption Month</i>] and shall be [calculated on the basis of [●]] / [●].</p> <p><b>Floating Rate Notes:</b> [The Notes will bear interest at a rate determined [on the same basis as the floating rate under a notional interest rate swap transaction in the Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the Series)] / [on the basis of a reference rate appearing on [screen page] of [quotation service]]/ [●]. [The Notes have [maximum interest rate/ a minimum interest rate/ minimum/maximum variation between two consecutive coupons/other].]</p> <p><b>Zero Coupon Notes:</b> [Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.]</p> <p><b>Maturity Date:</b> [●]</p> <p><b>Redemption:</b> Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] / [●] per cent. of their nominal amount.</p> <p><b>Representative of the Noteholders:</b> The Issuer and the Guarantor have appointed Deutsche Trustee Company Limited to act as Trustee for the holders of Notes pursuant to the terms of the Trust Deed. The Trustee may agree, without the consent of any Noteholders or holders of interest coupons, to any modification (subject to any resolution of the Noteholders) of, or to any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or any of the provisions of the Trust Deed or may determine that any condition, event or act which, but for such determination, would constitute an event of default, shall not be treated as such which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders.</p> <p>The Trustee may also agree with the Issuer and the Guarantor to the substitution of (i) in place of the Issuer as principal debtor of (I) the successor in business of the Issuer or (II) another company being the Guarantor or any other subsidiary of the Guarantor or (ii) in place of the Guarantor of its successor in business, subject in each case to (a) except where the Guarantor becomes the principal debtor, being unconditionally and irrevocably guaranteed by the Guarantor, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby, and (c) as otherwise provided in the Trust Deed.</p> <p>In connection with the exercise by it of its trusts, powers, activities or discretions, the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise as aforesaid for individual Noteholders and holders of interest coupons resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.</p>

		In addition, in accordance with Condition 15 (Meetings of Noteholders, Modification and Waiver), Schedule 3 of the Trust Deed contains provisions for convening meetings of Noteholders of each Series to consider any matter affecting their interest. An extraordinary resolution passed at any meeting of the relevant Noteholders shall be binding on all the Noteholders of that Series, whether or not they are present at the meeting, and on all holders of related interest coupons.
C.10	<b>Derivative component in interest payment:</b>	See Element C.9.  Not Applicable. Payments of interest on the Notes shall not involve any derivative component.
C.11	<b>Listing Admission Trading:</b>	[Application has been made to the [Luxembourg Stock Exchange for the Notes to be admitted to the official list and traded on the regulated market of the Luxembourg Stock Exchange]/[Not Applicable. The Notes are unlisted.]

#### Section D –Risks

D.2	<b>Key Risks Specific to the Issuer and the Guarantor:</b>	<p>In conducting its operations, Volvo Treasury is exposed to various types of financial risks. One of the risks that can affect the Issuer's obligations under the Programme is credit risk; a counterparty's failure to fulfil its contractual obligations under deposit arrangements, loan agreements and/or derivatives contracts. Other risks that can be encountered are currency risk, interest rate risk and liquidity risk.</p> <p>The risks to which the Volvo Group is exposed are classified into three main categories: External-related risks such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations; Financial risks such as currency fluctuations, interest level fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk; and Operational risks such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital. These include the following:</p> <ul style="list-style-type: none"> <li>• Uncertainty regarding customers' access to the financing of products might have a negative impact on demand.</li> <li>• Due to slowdown in the economy and the automotive sector Volvo sees increased supplier risks where some suppliers are under financial pressure. Consequences thereof could be increased cost for Volvo or disruptions in production.</li> <li>• Volvo verifies annually, or more frequently if necessary, the goodwill value of its business areas and other intangible assets 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. Instability in the business recovery and volatility in interest and currency rates may lead to indications of impairment.</li> <li>• An American court (The United District Court of the District of Columbia), on 13th April, 2012 handed down a decision in a dispute between Volvo Powertrain and the U.S. Environmental Protection Agency ("EPA") regarding whether Volvo Penta's non-road engines sold in 2005 were subject to an agreement between EPA and Volvo Powertrain whereby the 2006 non-road emission standards were pulled-ahead to 1st January, 2005. The Court found in favour of EPA and ordered Volvo Powertrain to pay penalties and interest of approximately U.S.\$72 million. Volvo Powertrain has appealed the decision. As of 30th September, 2012, an amount of SEK 65 million has been set as a provision and SEK 405 million has been retained as a contingent liability.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Volvo Group is subject to investigations by competition authorities. Volvo Group cooperates fully with the respective authority.</li> <li>• In September 2010, Volvo Trucks' and Renault Trucks' UK subsidiaries, together with a number of other international truck companies, became subject of an investigation initiated by the Office of Fair Trading ("OFT"), the British competition authority. In June 2012, OFT decided to close its investigation on the grounds that it considers the European Commission to be best placed to act in the matter. The OFT has reserved its right to reopen the investigation.</li> <li>• In January 2011, the Volvo Group and a number of other companies in the truck industry became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules.</li> <li>• In April 2011, the Volvo Group's truck business in Korea and a number of other truck companies became subject of an investigation by the Korean Fair Trade Commission.</li> <li>• Given the nature of the ongoing investigations initiated by competition authorities, the Volvo Group cannot exclude that they may affect the Volvo Group's results and cash flow with an amount that may be material. However, as regards the investigation initiated in Europe, it is too early to assess whether and when such effect may occur and hence if and when it could be accounted for. The Volvo Group has therefore not reported any contingent liability or any provision for the investigation initiated in Europe. Concerning the investigation initiated in Korea a contingent liability has however been recognised.</li> <li>• In May 2011, Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. In June 2012, the European Commission closed the investigation without further actions.</li> <li>• As from 1st January, 2013, new accounting rules for employee benefits (IAS 19) will become effective. Among other changes this entails that the unrecognised part of the pension liability no longer will be reported off balance. As a consequence, AB Volvo's Board of Directors has decided to exclude pension obligations from the target for net financial debt to equity for the Industrial Operations. According to the new target, the Industrial Operations' net financial debt, excluding pension obligations, shall be a maximum of 35 per cent. of shareholders equity under normal conditions. The new target of 35 per cent. corresponds to the previous financial target of 40 per cent. in which pension obligations were included.</li> <li>• During the third quarter, sales for the Volvo Group were impacted by a weakening in demand that has become increasingly evident around the globe. To respond to declining demand and increasing inventories, the Group decided to adjust production rates down in several parts of the company. Net sales for the Group declined to SEK 69.1 billion, compared to SEK 73.3 billion in the year-earlier period. The operating income for the third quarter amounted to SEK 2.9 billion (compared with SEK 5.8 billion in the same period last year) and was adversely impacted by under absorption of costs in the industrial systems in the range of SEK 1 billion and another SEK 1,060 million of non-recurring items, relating to a restructuring in UD Trucks and an adjustment of warrant reserves. Adjusted for the non-recurring items, operating margin was 5.8 per cent. (compared with SEK 7.9 billion in the same period last year). Net financial position including post-employment benefits as at 30th September, 2012 was SEK 34.3 billion, compared to SEK 17.6 billion at 31st December, 2011. Compared with the third quarter last year, the Truck operations' order intake declined by 25 per cent. and truck deliveries fell 8 per cent.</li> </ul>
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D.3	<b>Key Risks Specific to the Notes:</b>	<p>There are also risks associated with the Notes including a range of risks relating to the structure of the Notes, market risks and risks relating to Notes generally including that [restrictions on conversion and remittance of Renminbi and limited availability of Renminbi outside the People's Republic of China ("PRC") may affect liquidity of Renminbi Notes;] [gains on the transfer of the Renminbi Notes may become subject to income tax under PRC tax laws;] [changes in prevailing interest rates could affect the value of the Notes;] [the Notes may be subject to early redemption, which may limit their market value;] [there may be no or only a limited secondary market in the Notes;] [the holder of the Notes may not receive the full amount of payments due in respect of the Notes should the Issuer be required to hold or deduct amounts at source on account of tax from such payments in order to comply with applicable law;] [the Conditions of the Notes may be modified without the consent of the holders in certain circumstances;] [investors who purchase the Notes in denominations which are not an integral multiple of the Specified Denomination will be adversely affected if definitive Notes are subsequently required to be issued;] [the value of Notes may be affected by a change in law or regulation;] [the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency;] [and] [any credit rating assigned to the Notes may not adequately reflect all risks associated with an investment in the Notes.]</p>
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#### **Section E –Offer**

E.2b	<b>Reasons for the Offer and Use of Proceeds:</b>	<p>The reason for the Offer is to raise proceeds that can be applied by the Issuer for its general funding purposes, which include making a profit, and other particular uses as determined by the Issuer.</p> <p>The net proceeds of the Notes will be used by the Issuer for [general funding purposes/[●]].</p>												
E.3	<b>Terms and Conditions of the Offer:</b>	<p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealer(s) at the time of issue.</p> <p>[Not Applicable. The Notes are in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[An Investor intending to acquire or acquiring any Notes from an Offeror other than the Issuer will do so, and offers and sales of Notes to an Investor by such Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Offer Period:</td> <td style="width: 60%;">[The period from [[●] until [●]/[the Issue Date]]/[the date which falls [●] Business Days thereafter]]</td> </tr> <tr> <td>Offer Price:</td> <td>[Issue Price]/[Not Applicable]/[●]</td> </tr> <tr> <td>Conditions to which the offer is subject:</td> <td>[Not Applicable]/[●]</td> </tr> <tr> <td>Description of the application process:</td> <td>[Not Applicable]/[●]</td> </tr> <tr> <td>Details of the minimum and/or maximum amount of application:</td> <td>[Not Applicable]/[●]</td> </tr> <tr> <td>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</td> <td>[Not Applicable]/[●]</td> </tr> </table>	Offer Period:	[The period from [[●] until [●]/[the Issue Date]]/[the date which falls [●] Business Days thereafter]]	Offer Price:	[Issue Price]/[Not Applicable]/[●]	Conditions to which the offer is subject:	[Not Applicable]/[●]	Description of the application process:	[Not Applicable]/[●]	Details of the minimum and/or maximum amount of application:	[Not Applicable]/[●]	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable]/[●]
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Details of the minimum and/or maximum amount of application:	[Not Applicable]/[●]													
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable]/[●]													

		<p>Details of the method and time limits for [Not Applicable]/[●] paying up and delivering the Notes:</p> <p>Manner in and date on which results of [Not Applicable]/[●] the offer are to be made public:</p> <p>Procedure for exercise of any right of [Not Applicable]/[●] pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:</p> <p>Whether tranche(s) have been reserved [Not Applicable]/[●] for certain countries:</p> <p>Process for notification to applicants of [Not Applicable]/[●] the amount allotted and the indication whether dealing may begin before notification is made:</p> <p>Amount of any expenses and taxes [Not Applicable]/[●] specifically charged to the subscriber or purchaser:</p> <p>Name(s) and address(es), to the extent [None]/[●] known to the Issuer, of the placers in the various countries where the offer takes place:</p>
E.4	<b>Interests Material to the Issue:</b>	<p>The Issuer and the Guarantor have appointed BNP Paribas, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ), Swedbank AB (publ) and The Royal Bank of Scotland plc (the “Dealers”) as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement made between the Issuer, the Guarantor and the Dealers. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers in accordance with the Programme Agreement.</p> <p>[<i>Syndicated Issue</i>: The Issuer has appointed [●], [●] and [●] (the “Managers”) as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuer and the Managers.]</p> <p>[<i>Non-Syndicated Issue</i>: The Issuer has appointed [●] (the “Dealer”) as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Dealer are set out in the Programme Agreement made between, amongst others, the Issuer and the Dealer.]</p> <p>[<i>Stabilising Manager(s)</i>: [●] [and [●]].]</p>
E.7	<b>Estimated Expenses:</b>	[Not Applicable. No expenses are being charged to an investor by the Issuer.]/[●]

## RISK FACTORS

*Each of the Issuer and the Parent believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Parent is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuer and the Parent believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme. Prospective investors should, however, read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### ***Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme***

Volvo Treasury (as defined on page 81) is a unit within the Volvo Group (the “Volvo Group” is defined as the Parent and its subsidiaries). Volvo Treasury is acting as internal bank for the Volvo Group. Volvo Treasury is responsible for all interest-bearing assets and liabilities as well as all foreign exchange and funding operations within the Volvo Group. The Issuer is an entity within Volvo Treasury. The Issuer’s operations are carried out according to centrally determined risk mandates and limits designed to minimise the currency, interest rate and liquidity risks to which the Volvo Group is exposed.

In conducting its operations, Volvo Treasury is exposed to various types of financial risks. One of the risks that can affect the Issuer’s obligations under the Programme is credit risk; a counterparty’s failure to fulfil its contractual obligations under deposit arrangements, loan agreements and/or derivatives contracts. Other risks that can be encountered are currency risk, interest rate risk and liquidity risk. These risks should, however, be mitigated through the Guaranteee (as defined under “Terms and Conditions of the Notes”) issued by the Parent in which the Parent undertakes to assume responsibility for the Issuer’s payment obligations under the Notes.

### ***Factors that may affect the Parent's ability to fulfil its obligations under the Guaranteee***

*All business operations involve risk – managed risk-taking is a condition of maintaining a sustained favourable profitability*

Risk may be due to events in the world and can affect a given industry or market. Risk can be specific to a single company. At the Volvo Group, work is carried out daily to identify, measure and manage risk – in some cases the Volvo Group can influence the likelihood that a risk-related event will occur. In cases in which such events are beyond the Volvo Group’s control, the Volvo Group strives to minimise the consequences.

The risks to which the Volvo Group is exposed are classified into three main categories: External-related risks such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations; Financial risks such as currency fluctuations, interest level fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk; and Operational risks such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital.

#### ***Short-term risk factors***

The Volvo Group works intensively 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 receivables, in accordance with applicable accounting principles.

Uncertainty regarding customers’ access to the financing of products might have a negative impact on demand.

Due to slowdown in the economy and the automotive sector Volvo sees increased supplier risks where some suppliers are under financial pressure. Consequences thereof could be increased cost for Volvo or disruptions in production.

Volvo verifies annually, or more frequently if necessary, the goodwill value of its business areas and other intangible assets 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. Instability in the business recovery and volatility in interest and currency rates may lead to indications of impairment.

The reported amounts for contingent liabilities reflect a part of Volvo's risk exposure. Total contingent liabilities as of 30th September, 2012, amounted to SEK 18,206 million, an increase of SEK 1,052 million compared to 31st December, 2011. A major part of the total contingent liabilities is related to credit guarantees issued as a result of sales in emerging markets.

An American court (The United District Court of the District of Columbia), on 13th April, 2012 handed down a decision in a dispute between Volvo Powertrain and the U.S. Environmental Protection Agency ("EPA") regarding whether Volvo Penta's non-road engines sold in 2005 were subject to an agreement between EPA and Volvo Powertrain whereby the 2006 non-road emission standards were pulled-ahead to 1st January, 2005. The Court found in favour of EPA and ordered Volvo Powertrain to pay penalties and interest of approximately U.S.\$72 million. Volvo Powertrain has appealed the decision. As of 30th September, 2012, an amount of SEK 65 million has been set as a provision and SEK 405 million has been retained as a contingent liability.

Volvo Group is subject to investigations by competition authorities. Volvo Group cooperates fully with the respective authority.

In September 2010, Volvo Trucks' and Renault Trucks' UK subsidiaries, together with a number of other international truck companies, became subject of an investigation initiated by the Office of Fair Trading ("OFT"), the British competition authority.

In June 2012, OFT decided to close its investigation on the grounds that it considers the European Commission to be best placed to act in the matter. The OFT has reserved its right to reopen the investigation.

In January 2011, the Volvo Group and a number of other companies in the truck industry became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules.

In April 2011, the Volvo Group's truck business in Korea and a number of other truck companies became subject of an investigation by the Korean Fair Trade Commission.

Given the nature of the ongoing investigations initiated by competition authorities, the Volvo Group cannot exclude that they may affect the Volvo Group's results and cash flow with an amount that may be material. However, as regards the investigation initiated in Europe, it is too early to assess whether and when such effect may occur and hence if and when it could be accounted for. The Volvo Group has therefore not reported any contingent liability or any provision for the investigation initiated in Europe. Concerning the investigation initiated in Korea a contingent liability has however been recognised.

In May 2011, Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. In June 2012, the European Commission closed the investigation without further actions.

As from 1st January, 2013, new accounting rules for employee benefits (IAS 19) will become effective. Among other changes this entails that the unrecognised part of the pension liability no longer will be reported off balance. As a consequence, AB Volvo's Board of Directors has decided to exclude pension obligations from the target for net financial debt to equity for the Industrial Operations. According to the new target, the Industrial Operations' net financial debt, excluding pension obligations, shall be a maximum of 35 per cent. of shareholders equity under normal conditions. The new target of 35 per cent. corresponds to the previous financial target of 40 per cent. in which pension obligations were included.

During the third quarter, sales for the Volvo Group were impacted by a weakening in demand that has become increasingly evident around the globe. To respond to declining demand and increasing inventories, the Group decided to adjust production rates down in several parts of the company. Net sales for the Group declined to SEK 69.1 billion, compared to SEK 73.3 billion in the year-earlier period. The operating income for the third quarter amounted to SEK 2.9 billion (compared with SEK 5.8 billion in the same period last year) and was adversely impacted by under absorption of costs in the industrial systems in the range of SEK 1 billion and another SEK 1,060 million of non-recurring items, relating to a restructuring in UD Trucks and an adjustment of warrant reserves. Adjusted for the non-recurring items, operating margin was 5.8 per cent. (compared with SEK 7.9 billion in the same period last year). Net financial position including post-employment benefits as at 30th September, 2012 was SEK 34.3 billion, compared to SEK 17.6 billion at 31st

December, 2011. Compared with the third quarter last year, the Truck operations' order intake declined by 25 per cent, and truck deliveries fell 8 per cent.

## **General risks**

### **External-related risks**

#### *The commercial vehicles industry is cyclical*

The Volvo Group's markets undergo significant changes in demand as the general economic environment fluctuates. Investments in infrastructure, major industrial projects, mining and housing construction all impact the Volvo Group's operations as its products are central to these sectors. Adverse changes in the economic conditions for the Volvo Group's customers may also impact existing order books through cancellations of previously placed orders. The cyclical demand for the Volvo Group's products makes the financial result of the operations dependent on the Volvo Group's ability to react to changes in demand, and in particular to its ability to adapt production levels and production and operating expenses.

#### *Intense competition*

Continued consolidation in the industry is expected to create fewer but stronger competitors. The Volvo Group's major competitors are Daimler, Paccar, Navistar, MAN, Scania, Caterpillar, Komatsu, Cummins and Brunswick. In recent years, new competitors have emerged in Asia, particularly in China. These new competitors are mainly active in their domestic markets, but are expected to increase their presence in other parts of the world.

#### *Prices may change*

The prices of commercial vehicles have, at times, changed considerably in certain markets over a short period. This instability is caused by several factors, such as short-term variations in demand, shortages of certain component products, uncertainty regarding underlying economic conditions, changes in import regulations, excess inventory and increased competition. Overcapacity within the industry can occur if there is a lack of demand, potentially leading to increased price pressure.

#### *Extensive government regulation*

Regulations regarding exhaust emission levels, noise, safety and levels of pollutants from production plants are extensive within the industry.

Most of the regulatory challenges regarding products relate to reduced engine emissions. The Volvo Group is a significant player in the commercial vehicle industry and one of the world's largest producers of heavy-duty diesel engines. The product development capacity within the Volvo Group is well consolidated to be able to focus resources for research and development to meet tougher emission regulations. Future product regulations are well known, and the product development strategy is well tuned to the introduction of new regulations.

## **Financial risks**

In its operations, the Volvo Group is exposed to various types of financial risks. Group-wide policies, which are updated and decided upon annually, form the basis of each Volvo Group company's management of these risks. The objectives of the Volvo Group's policies for management of financial risks are to optimise the Volvo Group's capital costs by utilising economies of scale, to minimise negative effects on income as a result of changes in currency or interest rates, to optimise risk exposure and to clarify areas of responsibility. Monitoring processes and controls, which ensure that established policies are adhered to, are continuously employed. Information about key aspects of the Volvo Group's system for internal controls and risk management in conjunction with the financial reporting is provided in the Corporate Governance Report. Most of the Volvo Group's financial transactions are carried out through the in-house bank of the Volvo Group; Volvo Treasury. Volvo Treasury conducts its operations within established risk mandates and limits. Credit risks are mainly managed by the different business areas.

The nature of the various financial risks and objectives and the policies for the management of these risks are described in detail in notes 4 and 30 in the Volvo Group Annual Report 2011 incorporated by reference in this Prospectus (see "Documents Incorporated by Reference" herein). Various aspects of financial risk are described briefly in the following paragraphs. The Volvo Group's accounting policies for financial instruments are described in note 30 in the

Volvo Group Annual Report 2011. The overall impact on a company's competitiveness is also affected, however, by how various macro-economic factors interact.

#### *Interest-related risk*

Interest-related risk includes risks that changes in interest rates will impact the Volvo Group's income and cash flow (cash flow risks) or the fair value of financial assets and liabilities (price risks).

#### *Currency-related risk*

More than 90 per cent. of the net sales of the Volvo Group are generated in countries other than Sweden. Changes in exchange rates have a direct impact on the Volvo Group's operating income, balance sheet and cash flow, as well as an indirect impact on the Volvo Group's competitiveness, which over time affects the Volvo Group's earnings.

#### *Credit-related risk*

An important part of the Volvo Group's credit risk is related to how the financial assets of the Volvo Group have been placed. The majority are placed in Swedish Government bonds and interest bearing bonds issued by Swedish real estate financing institutions.

#### *Liquidity risk*

The Volvo Group ensures its financial preparedness by always maintaining a certain portion of revenues in liquid assets.

#### *Market risk from investments in shares or similar instruments*

The Volvo Group is indirectly exposed to market risks from shares and other similar instruments as a result of managed capital transferred to independent pension plans being partly invested in instruments of these types.

### ***Operational risks***

#### *Profitability depends on successful new products*

The Volvo Group's long-term profitability depends on its ability to successfully launch and market its new products. Product life cycles continue to shorten, putting increased focus on the success of the Volvo Group's product development.

#### *Reliance on suppliers*

The Volvo Group purchases raw materials, parts and components from numerous external suppliers. A significant part of the Volvo Group's requirements for raw materials and supplies is filled by single-source suppliers. The effects of delivery interruptions vary depending on the item or component. Certain items and components are standard throughout the industry, whereas others are internally developed and require unique tools that are time-consuming to replace.

The Volvo Group's costs for raw materials and components can vary significantly over a business cycle. Cost variations may be caused by changes in world market prices for raw materials or by an inability of the Volvo Group's suppliers to deliver.

#### *Intangible assets*

The Parent owns or otherwise has rights to patents and brands that refer to the products the Volvo Group manufactures and markets. These have been acquired over a number of years and are valuable to the operations of the Volvo Group. The Parent does not consider that any of the Volvo Group's operations are heavily dependent on any single patent or group of patents.

Through Volvo Trademark Holding AB, the Parent and Volvo Car Corporation jointly own the brand "Volvo". The Parent has the exclusive right to use the "Volvo" name and trademark for its products and services. Similarly, Volvo Car Corporation has the exclusive right to use the "Volvo" name and trademark for its products and services. The Volvo

Group's rights to use the Renault brand are restricted to the truck operations only and are regulated by a licence from Renault s.a.s., which owns the Renault brand.

#### *Complaints and legal actions*

The Volvo Group could be the target of complaints and legal actions initiated by customers, employees and other third parties alleging health, environmental, safety or business related issues, or failure to comply with applicable legislation and regulations. Information about legal proceedings involving entities within the Volvo Group is found in the "Litigation" section of this Prospectus on pages 95-96. Even if such disputes were to be resolved successfully, without having adverse financial consequences, they could negatively impact the Volvo Group's reputation and take up resources that could be used for other purposes.

#### *Risk related to human capital*

A decisive factor for the realisation of the Volvo Group's vision is its employees and their knowledge and competence. Future development depends on the Volvo Group's ability to maintain its position as an attractive employer. To this end, the Volvo Group strives for a work environment in which energy, passion and respect for the individual are guiding principles. Every year a Group-wide survey is conducted, and according to the survey the share of satisfied employees has been at a high level in recent years.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### *The Notes may not be a suitable investment for all investors*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### *Risks related to the structure of a particular issue of Notes*

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature is likely to limit their market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

#### ***Notes denominated in Renminbi are subject to additional risks***

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

*The Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC*

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide. Subject to limited exceptions, there is currently no specific PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items. Foreign investors may only remit offshore Renminbi into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes*

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central

government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The People's Bank of China (the "PBOC"), the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19th July, 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "Settlement Agreement") between the PBOC and Bank of China (Hong Kong) Limited (the "Renminbi Clearing Bank") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of 31st August, 2012 the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately Renminbi 554.3 billion according to data published by the Hong Kong Monetary Authority (the "HKMA"). In addition, participating banks are also required by the HKMA to maintain Renminbi liquidity ratios at not less than 25 per cent. (computed on the same basis as the statutory liquidity ratio), which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. They are only allowed to square their open positions with the Renminbi Clearing Bank after consolidating the Renminbi trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the Renminbi Clearing Bank only has access to onshore liquidity support from PBOC for the purposes of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, for Hong Kong residents of up to Renminbi 20,000 per person per day and for designated business customers relating to the Renminbi received in providing their services. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

On 14th June, 2012, the HKMA introduced a facility for providing Renminbi liquidity to authorised institutions participating in Renminbi business ("Participating AIs") in Hong Kong. The facility will make use of the currency swap arrangement between the PBOC and the HKMA. With effect from 15th June, 2012, the HKMA will, in response to requests from individual Participating AIs, provide Renminbi term funds to the Participating AIs against eligible collateral acceptable to the HKMA. The facility is intended to address short-term Renminbi liquidity tightness which may arise from time to time, for example due to capital market activities or a sudden need for Renminbi liquidity by the Participating AIs' overseas bank customers.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service the Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

*Payments for Notes denominated in Renminbi will only be made to investors in the manner specified for such Notes in the terms and conditions*

Investors may be required to provide certificates and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances stipulated in Condition 6(f), all payments to investors in respect of Notes denominated in Renminbi will be made solely (i) for so long as such Notes are represented by a temporary global Note or a permanent global Note held with the common depositary, for Euroclear and Clearstream or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system, or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations; the Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on 1st January, 2008, any gain realised on the transfer of Notes denominated in Renminbi by non resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains

uncertainty as to whether the gain realised from the transfer of Notes denominated in Renminbi would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Renminbi Notes. There is no assurance that the existing arrangements will be continued or be terminated.

Therefore, if non resident enterprise holders who are also non-residents of Hong Kong are required to pay PRC income tax on gains on the transfer of Notes denominated in Renminbi (enterprise income tax and individual income tax are currently levied at the rate of 10 per cent. and 20 per cent., respectively, of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non resident enterprise holders of Notes denominated in Renminbi reside that reduces or exempts the relevant tax), the value of their investment in Notes denominated in Renminbi may be materially and adversely affected.

Investors in Renminbi Notes should consult their own tax advisors with regard to the application of PRC tax laws to any purchase, holding or sale of Renminbi Notes.

#### *Investment in the Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes, if any, may carry a fixed interest rate. Consequently, the trading price of the Renminbi Notes will vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

#### *Investment in the Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to the Notes in Renminbi. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

#### *Renminbi currency risk*

There can be no assurance that access to Renminbi for the purposes of making payments under the Notes by the Issuer or generally will remain or that new PRC regulations will not be promulgated which have the effect of restricting availability of Renminbi outside of the PRC. If a Renminbi Currency Event occurs and it becomes impossible to make payment on any Notes in Renminbi as a result of Renminbi Illiquidity, Renminbi Non-Transferability or Renminbi Inconvertibility (each as defined in the Terms and Conditions), the Issuer may make any payment of Renminbi under the Notes in another currency selected by the Issuer using an exchange rate determined by the Calculation Agent.

#### *PRC currency controls on Current Account Items*

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17th June, 2010, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (the "Circular"), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities, and (iii) the restriction on designated offshore districts has been uplifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only been effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC Government further expanded Renminbi cross-border trade settlement nationwide.

As a new regulation, the Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circular and impose conditions for settlement of current account items.

#### *PRC currency controls on Capital Account Items*

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7th April, 2011, the State Administration of Foreign Exchange of the PRC ("SAFE") promulgated the "Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi" (the "SAFE Circular"), which became effective on 1st May, 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

The SAFE Circular, the MOFCOM Circular and the PBoC FDI Measures, which are new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

#### *Renminbi clearing systems*

Notes issued under the Programme denominated in Renminbi may only be held in Euroclear or Clearstream, Luxembourg. Noteholders may only hold such Notes if they have an account with Euroclear or Clearstream, Luxembourg.

#### *Risks related to Notes generally*

Set out below is a brief description of certain risks relating to the Notes generally:

*The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Terms and Conditions of the Notes or any of the provisions of the Trust

Deed, or (ii) determine that any condition, event or act which, but for such determination, would constitute an Event of Default (as defined in Condition 10), shall not be treated as such which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders. In addition, the Trustee may, without the consent of the Noteholders, agree with the Issuer and the Parent to the substitution in place of the Issuer as the principal debtor under the Notes or in place of the Parent of certain entities described in Condition 18, subject to, inter alia, the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and certain other conditions set out in the Trust Deed being complied with, all as more fully described in Condition 18 and the Trust Deed.

#### *Withholding under the 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 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, 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).

The European Commission has proposed certain amendments to the Taxation of Savings Income Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, the Parent nor any Paying Agent (as defined under the Terms and Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Taxation of Savings Income Directive.

#### *Payments on the Notes may be subject to U.S. withholding under FATCA*

The Issuer (and the Parent, where applicable) and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments made after 31st December, 2016 in respect of the Notes pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA"). This withholding does not apply to certain securities issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published. However, it is not entirely clear how these rules will apply to the Notes.

The Issuer (or the Parent, where applicable) may enter into agreements with the U.S. Internal Revenue Service (the "IRS") to provide certain information about investors. Under these agreements, withholding may be triggered if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Notes is made is not able to receive payments free of withholding under FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, neither the Issuer nor the Parent would have an obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

An investor that is a foreign financial institution (for the purposes of FATCA) but that is withheld upon because it has not entered into an agreement with the IRS generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are not currently clear and the above description is based on proposed regulations and interim guidance. Different rules than those described above may apply if the Issuer, the Parent, an investor or any intermediary that is a "foreign financial institution" through which payment on the Notes is made is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA. Investors should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions

under the FATCA rules.

*The value of the Notes could be adversely affected by a change in English law or administrative practice*

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

*Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

**Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

*If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes*

The Issuer will pay principal and interest on the Notes and the Parent will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Parent to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings assigned to the Issuer, the Parent or any Notes may not reflect all the risks associated with an investment in those Notes*

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Parent or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, hold or sell securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

(a) the audited annual consolidated and non-consolidated financial statements of the Issuer for each of the financial years ended 31st December, 2010 and 31st December, 2011, in each case together with the audit reports prepared in connection therewith, including the information set out at the following pages of the Issuer's 'Annual Report and Consolidated Financial Statements for the financial year 2010' (the "Annual Report 2010") and 'Annual Report and Consolidated Financial Statements for the financial year 2011' (the "Annual Report 2011"), respectively:

	<i>Consolidated</i>	<i>Non-consolidated</i>	<i>2010</i>	<i>2011</i>
Income statements	4	9	4	9
Balance sheets	5	10	5	10
Cashflow statements	8	13	8	13
Notes to the financial statements	14-41	14-41	14-41	14-41
Audit report	43	43	43	43

(b) the audited annual consolidated and non-consolidated financial statements of the Parent for each of the financial years ended 31st December, 2010 and 31st December, 2011, in each case together with the audit reports prepared in connection therewith, including the information set out at the following pages of the 'Volvo Group Financial Report 2010' and 'Volvo Group Financial Report 2011', respectively:

	<i>Consolidated</i>	<i>Non-consolidated</i>	<i>2010</i>	<i>2011</i>
Significant events	24-25	—	54-55	—
Income statements	67	114	72	126
Balance sheets	68	115	76	127
Cashflow statements	70	117	78	128
Notes to the financial statements	71-113	118-125	81-125	130-137
Audit report	128	128	140	140

(c) the unaudited interim report of the Issuer for the six month period ended 30th June, 2012 (the "Semi-Annual Report for the First Half of the Financial Year 2012"), including the consolidated financial information set out at the following pages:

Income statements	2
Balance sheets	3
Cashflow statements	3
Accounting Principles	6

(d) the unaudited interim report of the Parent and the Volvo Group for the nine month period ended 30th September, 2012 (the "Interim Report for the First Three Quarters of the Financial Year 2012"), including the consolidated financial information and other information set out at the following pages:

Comments by the CEO	3-4
Business Segment Overview	10
Overview of Industrial Operations	11-15
Income statements	16-17
Balance sheets	18
Cashflow statements	19-20
Accounting Principles	26
Risk and uncertainties	27
Corporate acquisitions and divestments	28

(e) the section "Terms and Conditions of the Notes" from the following prospectuses relating to the Programme: (i) Prospectus dated 7th November, 2001 (pages 21-39 inclusive); (ii) Prospectus dated 6th November, 2002 (pages 20-37 inclusive); (iii) Prospectus dated 6th November, 2003 (pages 21-38 inclusive); (iv) Prospectus dated 28th October, 2004 (pages 21-38 inclusive); (v) Prospectus dated 14th November, 2005 (pages 34-53 inclusive); (vi) Prospectus

dated 9th November, 2006 (pages 33-52 inclusive); (vii) Prospectus dated 16th November, 2007 (pages 37-58 inclusive); (viii) Prospectus dated 19th November, 2008 (pages 37-58 inclusive); (ix) Prospectus dated 11th November, 2009 (pages 59-80 inclusive); (x) Prospectus dated 9th November, 2010 (pages 60-81 inclusive); and (xi) Prospectus dated 10th November, 2011 (pages 61-82 inclusive).

Following the publication of this Prospectus a supplement may be prepared by the Issuer and the Parent and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The Issuer and the Parent will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of listed Notes only and if appropriate, a supplement to this Prospectus or a new Prospectus will be published.*

This General Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as completed by Part A of the applicable Final Terms (or the relevant provisions thereof) attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes" below.

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this General Description.

**Issuer:** Volvo Treasury AB (publ)

**Guarantor:** AB Volvo (publ)

**Description:** Euro Medium Term Note Programme

**Arranger:** Merrill Lynch International

**Dealers:**  
BNP Paribas  
Citigroup Global Markets Limited  
Danske Bank A/S  
Deutsche Bank AG, London Branch  
HSBC Bank plc  
J.P. Morgan Securities plc  
Merrill Lynch International  
Nordea Bank Danmark A/S  
Skandinaviska Enskilda Banken AB (publ)  
Svenska Handelsbanken AB (publ)  
Swedbank AB (publ)  
The Royal Bank of Scotland plc

**Certain Restrictions:** Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale") including the following restrictions applicable at the date of this Prospectus.

### Notes having a maturity of less than one year:

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in any other currency, see "Subscription and Sale".

Under the Prospectus Act 2005, which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such Act and do not need to be approved by the CSSF.

**Trustee:**

Deutsche Trustee Company Limited

**Issuing and Principal Paying Agent:**

Citibank, N.A., London Branch

**Programme Size:**

Up to U.S.\$15,000,000,000 (or its equivalent in other currencies) outstanding at any time. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant day of calculation; and
- (b) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Distribution:**

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Euro, Sterling, U.S. dollars, Yen, Swedish krona, Renminbi and, subject to any applicable legal or regulatory restrictions, any other currency as may be agreed between the Issuer and the relevant Dealer(s).

**Maturities:**

Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

At the date of this Prospectus the minimum maturity of all Notes is one month.

**Issue Price:**

Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:**

Each Tranche of Notes will initially be represented by a temporary global Note which will (i) if the global Notes are intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg. The temporary global Note will be exchangeable, upon request, as described therein for either a permanent global Note or definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms). Such exchange may take place in each case on and after the date which is the later of (i) 40 days after the temporary global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue). Exchange of a temporary global Note will only take place upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations.

A permanent global Note will be exchangeable, unless otherwise specified in the applicable Final Terms, for definitive Notes only upon the occurrence of an Exchange Event, as described in "Form of the Notes" below.

Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as appropriate.

**Interest:**

Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination thereof and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service,

as indicated in the applicable Final Terms.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer,<sup>p</sup>“H]W:<sup>ll</sup> will be payable on such Interest Payment Dates specified in the applicable Final Terms and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption:**

The applicable Final Terms relating to each Tranche of Notes will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year may be subject to restrictions on their denominations and distribution, see “*Certain Restrictions – Notes having a maturity of less than one year*” above.

**Denomination of Notes:**

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum Specified Denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions — Notes having a maturity of less than one year*” above and save that the minimum Specified Denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

**Taxation:**

Subject as provided in Condition 8, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Sweden.

In the event that any such deduction is made, the Issuer or, as the case may be, the Parent will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Status of the Notes:**

The Notes will be direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Issuer and will at all times rank without any preference among themselves and (subject as aforesaid) *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

**Guarantee:**

The payment of the principal and interest in respect of all Notes will be unconditionally and irrevocably guaranteed by AB Volvo (publ), the Parent. The obligations of the Parent under such guarantee will be direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Parent and (subject as aforesaid) will at all times rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Parent, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

**Negative Pledge:**

The terms of the Notes will contain a negative pledge provision as described in Condition 4.

**Cross Default:**

The terms of the Notes will contain a cross default provision relating to indebtedness as further described in Condition 10.

**Approval, Listing and Admission to Trading:**

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 listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*. This Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of 12 months from the date of publication of this Prospectus.

The Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not and, if so, on which stock exchange(s) and/or market(s) the Notes are to be listed and/or admitted to trading.

**Governing Law:**

The Notes, and any non-contractual obligations arising out of or in connection with the Notes, shall be governed by, and construed in accordance with, English law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, France, Hong Kong, the PRC, Singapore and Sweden and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "Subscription and Sale" below.

**United States Selling Restrictions:**

Regulation S, Category 2. TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be represented by a temporary global Note, without interest coupons or talons, which will (i) if the global Notes are intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg.

Where the global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a temporary global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary global Note if the temporary global Note is not intended to be issued in NGN form) only to the extent that appropriate certification (in a form to be provided) has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Such certification shall be to the effect that the beneficial owners of interests in such Note are not United States persons or persons who have purchased for resale to any United States person, as required by U.S. Treasury regulations.

Any reference in this section “Form of the Notes” to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Agent and the Trustee.

On and after the date (the “Exchange Date”) which is the later of (i) 40 days after a temporary global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) (the “Distribution Compliance Period”), interests in such temporary global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a permanent global Note of the same Series without interest coupons or talons or for (ii) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described in the first paragraph above unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless upon due certification, exchange of the temporary global Note for interests in the permanent global Note or for definitive Notes, as the case may be, is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes” below) the Agent shall arrange that, where a further Tranche of Notes is issued, which is intended to form a single Series with an existing Tranche of Notes, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Payments of principal, interest (if any) or any other amounts on a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the permanent global Note if the permanent global Note is not intended to be issued in NGN form) without any requirement for certification. Unless otherwise specified in the applicable Final Terms, a permanent global Note will only be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or, except as otherwise specified in the applicable Final Terms, (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the permanent global Note in definitive form and a certificate to such effect signed by two Directors

of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

In relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes, such Notes should not be issued in denominations comprising a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all Notes which have an original maturity of more than one year and on all interest coupons and talons relating to such Notes:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to provide that United States holders, with certain exceptions,~~p`‘H]W:~~ will not ~~be entitled to~~ deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg and/or any other agreed clearing system as the case may be.

In respect of Notes represented by a global Note issued in NGN form, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of such Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

The Issuer has entered into an agreement with Euroclear and Clearstream, Luxembourg (together, the “ICSDs”) in respect of any Notes issued in NGN form that the Issuer may request be made eligible for settlement with the ICSDs (the “Issuer-ICSDs Agreement”). The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer’s request, produce a statement for the Issuer’s use showing the total nominal amount of its customer holding of such Notes as of a specified date.

## FORMS OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency).*

[Date]

**VOLVO TREASURY AB (publ) (the “Issuer”)**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] guaranteed by AB Volvo (publ) (the  
“Guarantor”) issued pursuant to the U.S.\$15,000,000,000 Euro Medium Term Note Programme**

Any person making or intending to make an offer of the Notes may only do so [:

- (i) in those Public Offer Jurisdictions mentioned in paragraph 7(vii) of Part B below, provided such person is of a kind specified in that paragraph and that the offer is made during the Offer Period specified in that paragraph; or
- (ii) otherwise<sup>1</sup> in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## PART A– CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 14th November, 2012 [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. A summary of the Notes (which comprises the summary in the Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Prospectus [and the Supplement dated [date]] [has] [have] been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated [original date] which are incorporated by reference in the Prospectus dated 14th November, 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated 14th November, 2012 [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. A summary of the Notes (which comprises the summary in the Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Prospectus [and the Supplement dated [date]] [has] [have] been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg.]

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<sup>1</sup> Include this wording where a Non-exempt offer of Notes is anticipated

1.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below, which is expected to occur on or about [date]] / [Not Applicable]
2.		Specified Currency or Currencies:	[●]*
3.		Aggregate Nominal Amount:	
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
4.		Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
5.	(i)	Specified Denominations:	[●]
	(ii)	Calculation Amount:	[●]
6.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
7.		Maturity Date:	[●] [Interest Payment Date falling in or nearest to [●]]
8.		Interest Basis:	[[●] per cent. Fixed Rate] [[Reference Rate] +/- [●] per cent. Floating Rate] [Zero Coupon]
9.		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] / [●] per cent. of their nominal amount
10.		Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [●] paragraph [12/13] applies and for the period from (and including) [●], up to (and including) the Maturity Date, paragraph [12/13] applies] / [Not Applicable]
11.		Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]

#### **Provisions Relating to Interest (if any) Payable**

##### **12. Fixed Rate Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

\*

Use the abbreviation “CNY” for RMB Notes.

(i)	Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
(ii)	Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date [Interest Payment Date Adjustment [applies/does not apply]]
(iii)	Fixed Coupon Amount(s):	[●] per Calculation Amount  [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Fixed Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards.]
(iv)	Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] / [Not Applicable]  [The Broken Amount payable on the Interest Payment Date falling [in/on] [●] shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Fixed Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards.]
(v)	Additional Business Centre(s):	[●] / [Not Applicable]
(vi)	Day Count Fraction:	[30/360] / [Actual/Actual (ICMA)] / [Actual/365 (Fixed)]
(vii)	Determination Date(s):	[[●] in each year] / [Not Applicable]
13.	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Specified Period(s)/Specified Interest Payment Dates:	[●]
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(iii)	Additional Business Centre(s):	[●] / [Not Applicable]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[●] shall act as Calculation Agent] / [Not Applicable]
(vi)	Screen Rate Determination:	<ul style="list-style-type: none"> <li>- Reference Rate and Relevant Financial Centre:</li> </ul> <p>Reference Rate: [●] month [LIBOR/EURIBOR/STIBOR/[●]] Relevant Financial Centre: [London/Brussels/[●]]</p> <ul style="list-style-type: none"> <li>- Interest Determination Date(s):</li> </ul> <p>[●]</p>

	- Relevant Screen Page:	[●]
(vii)	ISDA Determination:	
	- Floating Rate Option:	[●]
	- Designated Maturity:	[●]
	- Reset Date:	[●]
(viii)	Margin(s):	[+/-] [●] per cent. per annum
(ix)	Minimum Rate of Interest:	[●] per cent. per annum
(x)	Maximum Rate of Interest:	[●] per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

#### 14. Zero Coupon Note Provisions

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i)	Accrual Yield:	[●] per cent. per annum
(ii)	Reference Price:	[●]
(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

#### Provisions Relating to Redemption

15. Issuer Call:  
 [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a)	Optional Redemption Date(s):	[●]
(b)	Optional Redemption Amount:	[●] per Calculation Amount
(c)	If redeemable in part:	
	(i) Minimum Redemption Amount:	[●] per Calculation Amount
	(ii) Maximum Redemption Amount:	[●] per Calculation Amount

16. Investor Put:

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a)	Optional Redemption Date(s):	[●]
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(b)	Optional Redemption Amount:	[●] per Calculation Amount
17.	Final Redemption Amount:	[●] per Calculation Amount
18.	Early Redemption Amount payable on redemption for taxation reasons or on event of default):	[●] per Calculation Amount

### **General Provisions Applicable to the Notes**

19.	Form of Notes:	
	(i) Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]
		[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
	(ii) New Global Note:	[Yes] [No]
20.	Additional Financial Centre(s):	[Not Applicable/[●]]
21.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

### **Provisions Relating to Renminbi Notes**

22.	Renminbi Currency Event:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Spot Rate (if different from that set out in Condition 6(f)):	[[●]/Not Applicable]
	(ii) Calculation Agent:	[●]
	(iii) Relevant Currency (if different from that set out in Condition 5(f)):	[[●]/Not Applicable]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, with effect from [●].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg* with effect from [●].]

[Not Applicable]

### 2. RATINGS

Ratings:

[Not Applicable] / [The Notes to be issued have been rated [●] by [●]]

[[●] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [●] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[●] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended)[. [●] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings have been endorsed by [●] in accordance with the CRA Regulation. [●] is established in the European Union and registered under the CRA Regulation[. As such [●] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [●] may be used in the EU by the relevant market participants.]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the

European Securities and Markets Authority and [●] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[●] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [●] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [●], which is established in the European Union, disclosed the intention to endorse credit ratings of [●]], although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [●] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [●] may be used in the EU by the relevant market participants.]

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.]

### **4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) [Reasons for the offer: [●]]
- (ii) Estimated net proceeds: [●]
- (iii) Estimated total expenses: [●]]

### **5. YIELD**

Indication of yield: [●]

[Calculated as [●] on the Issue Date.]

### **6. HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/STIBOR/[●]] rates can be obtained from [Reuters].]

### **7. DISTRIBUTION**

- (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/[●]]

(ii)	Date of Subscription Agreement:	[●]
(iii)	Stabilising Manager(s) (if any):	[Not Applicable/[●]]
(iv)	If non-syndicated, name and address of relevant Dealer:	[Not Applicable/[●]]
(v)	Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
(vi)	TEFRA:	[TEFRA D/TEFRA not applicable]
(vii)	Non exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers and the following financial intermediaries/placers: [●] [and/or if the Issuer appoints additional financial intermediaries/placers after the date of these Final Terms and publishes details of them on its website, each financial intermediary/placer whose details are so published.]/[An offer of the Notes may be made by the Managers and any financial intermediary which is authorised to make such offers under Directive 2004/39/EC (the Markets in Financial Instruments Directive) which states on its website that it is relying on the Prospectus to offer the relevant Tranche of Notes during the Offer Period (as defined below)] (together with the Managers, the "Financial Intermediaries") other than pursuant to Article 3(2) of the Prospectus Directive in [●] (the "Public Offer Jurisdictions") during the period from [[●] until [[●]/[the Issue Date]/[the date which falls [●] Business Days thereafter] (the "Offer Period"). See further paragraph 9 below. [The above consent is subject to the following other conditions: [●].]

## 8. OPERATIONAL INFORMATION

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	[Not Applicable/[●]]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[●] / [Not Applicable]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]  [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the

ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 9. [TERMS AND CONDITIONS OF THE OFFER

(i)	Offer Price:	[Issue Price/Not Applicable/[●]]
(ii)	Conditions to which the offer is subject:	[Not Applicable/[●]]
(iii)	Offer Period:	See paragraph 7(vii) above.
(iv)	Description of the application process:	[Not Applicable/[●]]
(v)	Details of the minimum and/or maximum amount of application:	[Not Applicable/[●]]
(vi)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/[●]]
(vii)	Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/[●]]
(viii)	Manner in and date on which results of the offer are to be made public:	[Not Applicable/[●]]
(ix)	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[●]]
(x)	Whether tranche(s) have been reserved for certain countries:	[Not Applicable/[●]]
(xi)	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/[●]]
(xii)	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[●]]
(xiii)	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	The Financial Intermediaries identified in or in the manner specified in paragraph 7 above.

## 10. THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).*

[Date]

**VOLVO TREASURY AB (publ) (the “Issuer”)**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] guaranteed by AB Volvo (publ) (the “Guarantor”) issued pursuant to the U.S.\$15,000,000,000 Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 14th November, 2012 [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the Supplement dated [date]] [has] [have] been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated [original date] which are incorporated by reference in the Prospectus dated 14th November, 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated 14th November, 2012 [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the Supplement dated [date]] [has] [have] been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg.]

- |    |                                   |  |  |
|----|-----------------------------------|--|--|
| 1. | (i)                               | Series Number:   | [●]  |
|    | (ii)                              | Tranche Number:  | [●]  |
|    | (iii)                             | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below, which is expected to occur on or about [●]] / [Not Applicable] |
| 2. | Specified Currency or Currencies: |  | [●]*   |
| 3. | Aggregate Nominal Amount:         |  |  |
|    | (i)                               | Series:  | [●]  |
|    | (ii)                              | Tranche:   | [●]  |
| 4. | Issue Price:                      |  | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]   |
| 5. | (i)                               | Specified Denomination(s):   | [●]  |

\* Use the abbreviation “CNY” for RMB Notes.

	(ii)	Calculation Amount:	[●]
6.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
7.		Maturity Date:	[●] [Interest Payment Date falling in or nearest to [●]]
8.		Interest Basis:	[[●] per cent. Fixed Rate] [[Reference Rate] +/- [●] per cent. Floating Rate] [Zero Coupon]
9.		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] / [●] per cent. of their nominal amount
10.		Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [●] paragraph [12/13] applies and for the period from (and including) [●], up to (and including) the Maturity Date, paragraph [12/13] applies] / [Not Applicable]
11.		Put/Call Options:	[Investor Put] [Issuer Call]

#### **Provisions Relating to Interest (if any) Payable**

12.	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Rate(s) of Interest:
	(ii)	Interest Payment Date(s):
	(iii)	Fixed Coupon Amount(s):
	(iv)	Broken Amount(s):
	(v)	Additional Business Centre(s):
	(vi)	Day Count Fraction:

	(vii) Determination Date(s):	[[●] in each year] / [Not Applicable]
13.	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Specified Period(s)/Specified Interest Payment Dates:	[●]
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iii) Additional Business Centre(s):	[●] / [Not Applicable]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[●] shall act as Calculation Agent] / [Not Applicable]
	(vi) Screen Rate Determination:	
	- Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [LIBOR/EURIBOR/STIBOR/[●]]. Relevant Financial Centre: [London/Brussels/[●]]
	- Interest Determination Date(s):	[●]
	- Relevant Screen Page:	[●]
	(vii) ISDA Determination:	
	- Floating Rate Option:	[●]
	- Designated Maturity:	[●]
	- Reset Date:	[●]
	(viii) Margin(s):	[+/-] [●] per cent. per annum
	(ix) Minimum Rate of Interest:	[●] per cent. per annum
	(x) Maximum Rate of Interest:	[●] per cent. per annum
	(xi) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
14.	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

(i)	Accrual Yield:	[●] per cent. per annum
(ii)	Reference Price:	[●]
(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

### **Provisions Relating to Redemption**

15. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
  - (b) Optional Redemption Amount: [●] per Calculation Amount
  - (c) If redeemable in part:
    - (i) Minimum Redemption Amount: [●] per Calculation Amount
    - (ii) Maximum Redemption Amount: [●] per Calculation Amount
16. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount: [●] per Calculation Amount
17. Final Redemption Amount: [●] per Calculation Amount
18. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [●] per Calculation Amount

### **General Provisions Applicable to the Notes**

19. Form of Notes:
  - (a) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
  - (b) New Global Note: [Yes] [No]
20. Additional Financial Centre(s): [Not Applicable/[●]]
21. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

## **Provisions Relating to Renminbi Notes**

22.	Renminbi Currency Event:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Spot Rate (if different from that set out in Condition 6(f)):	[[●]/Not Applicable]
	(ii) Calculation Agent:	[●]
	(iii) Relevant Currency (if different from that set out in Condition 5(f)):	[[●]/Not Applicable]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, with effect from [●].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, with effect from [●].]

[Not Applicable]

(ii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings: [Not Applicable] / [The Notes to be issued have been rated [●] by [●]]

[[●] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [●] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[●] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended)[. [●] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings have been endorsed by [●] in accordance with the CRA Regulation. [●] is established in the European Union and registered under the CRA Regulation[. As such [●] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [●] may be used in the EU by the relevant market participants.]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets

Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [●] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[●] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [●] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [●], which is established in the European Union, disclosed the intention to endorse credit ratings of [●], although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [●] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [●] may be used in the EU by the relevant market participants.]

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.]

### **4. YIELD**

[●]

### **5. DISTRIBUTION**

- (i) If syndicated, names of Managers: [Not Applicable/[●]]
- (ii) Date of [Subscription] Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/[●]]
- (iv) If non-syndicated, name and address of relevant Dealer: [Not Applicable/[●]]
- (v) TEFRA: [TEFRA D/TEFRA not applicable]

### **6. OPERATIONAL INFORMATION**

- (i) ISIN Code: [●]
- (ii) Common Code: [●]

(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	[Not Applicable/[●]]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[●] / [Not Applicable]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p> <p>[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p>

## 7. THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange (if any) and/or any other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto, such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and definitive Note.*

This Note is one of a Series (as defined below) of Notes issued by Volvo Treasury AB (publ) (the “Issuer”) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 29th November, 1994 made between AB Volvo (publ) (the “Parent”) as guarantor, Volvo Group Finance Europe B.V., the Issuer and Bankers Trustee Company Limited, now Deutsche Trustee Company Limited (the “Trustee”, which expression shall include any successor as trustee), as modified and restated by a First Supplemental Trust Deed dated 17th October, 1996 between the same parties, as further modified by a Second Supplemental Trust Deed dated 7th August, 1997 between the same parties and Volvo Group Treasury Asia Ltd. and Volvo Group Treasury US Inc., as further modified by a Third Supplemental Trust Deed dated 3rd July, 1998 between the Parent, the Issuer, Volvo Group Finance Europe B.V. and the Trustee, as further modified and restated by a Fourth Supplemental Trust Deed dated 24th November, 1998 between the Parent, the Issuer, Volvo Group Treasury US Inc. and the Trustee, as further modified by a Fifth Supplemental Trust Deed dated 10th December, 1999 between the Parent, the Issuer, Volvo Treasury US LLC (“Volvo US”) and the Trustee, as further modified by a Sixth Supplemental Trust Deed dated 6th November, 2000 between the Parent, the Issuer, Volvo US and the Trustee, as further modified and restated by a Seventh Supplemental Trust Deed dated 7th November, 2001 between the Parent, the Issuer, Volvo US and the Trustee, as further modified by an Eighth Supplemental Trust Deed dated 6th November, 2002 between the Parent, the Issuer, Volvo US and the Trustee, as further modified and restated by a Ninth Supplemental Trust Deed dated 14th November, 2005 between the Parent, the Issuer and the Trustee, as further modified by a Tenth Supplemental Trust Deed dated 9th November, 2006 between the Parent, the Issuer and the Trustee, as further modified by an Eleventh Supplemental Trust Deed dated 16th November, 2007 between the Parent, the Issuer and the Trustee, as further modified by a Twelfth Supplemental Trust Deed dated 19th November, 2008 between the Parent, the Issuer and the Trustee, as further modified by a Thirteenth Supplemental Trust Deed dated 11th November, 2009 between the Parent, the Issuer and the Trustee, a Fourteenth Supplemental Trust Deed dated 9th November, 2010 between the Parent, the Issuer and the Trustee, a Fifteenth Supplemental Trust Deed dated 10th November, 2011 between the Parent, the Issuer and the Trustee and a Sixteenth Supplemental Trust Deed dated 14th November, 2012 between the Parent, the Issuer and the Trustee. References herein to the “Notes” shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note. The Notes and the Coupons (as defined below) also have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 14th November, 2012 made between the Parent, the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent (the “Agent”, which expression shall include any successor agent specified in the applicable Final Terms), the other paying agent named therein (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents) and the Trustee.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached hereto or endorsed hereon which supplement these Terms and Conditions for the purposes of this Note. References herein to the “applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached hereto or endorsed hereon.

The Trustee acts for the benefit of the holders of the Notes (the “Noteholders”, which expression shall, in relation to any Notes represented by a global Note, be construed as provided below) and the holders of the Coupons (the “Couponholders”, which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i)

expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are obtainable during normal business hours at the registered office for the time being of the Trustee at Winchester House, 1 Great Winchester Street, London EC2N 2DB, and at the specified offices of each of the Agent and the other Paying Agents. Copies of the applicable Final Terms are available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified office of the Paying Agents in London and Luxembourg save that the 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 Noteholder holding one or more Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to its holding of such Notes and identity. In addition, Final Terms relating to a Note which is listed on the Official List, and admitted to trading on the regulated market, of the Luxembourg Stock Exchange will be available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

References herein to “RMB Notes” are to Notes denominated in Renminbi. References herein to “Renminbi”, “RMB” and “CNY” are to the lawful currency of the People’s Republic of China (the “PRC”) which, for the purposes of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the “Specified Currency”) and the denomination (the “Specified Denomination(s)”) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Parent, the Trustee and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Parent, the Trustee and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and/or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Parent, the Trustee and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Agent and the Trustee.

## **2. Status of the Notes**

The Notes and the relative Coupons are direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Issuer and rank and will at all times rank without any preference among themselves and (subject as aforesaid) *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## **3. Guaranteee**

The payment of the principal and interest in respect of all Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Parent in the Trust Deed (the "Guaranteee"). The obligations of the Parent under the Guaranteee are direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Parent and (subject as aforesaid) rank and will at all times rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Parent, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## **4. Negative Pledge**

The Issuer and the Parent undertake that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), they will not have outstanding any External Indebtedness and will procure that no Subsidiary (as defined in the Trust Deed) of the Issuer or the Parent will have outstanding any such indebtedness which is also guaranteed by the Issuer or the Parent, where in any such case such External Indebtedness or guarantee is secured by any mortgage, lien (other than liens arising by operation of law), pledge or other charge, unless the Issuer or the Parent, as the case may be, shall forthwith take any and all action necessary to procure that all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured equally and rateably with such mortgage, lien, pledge or other charge to the satisfaction of the Trustee or such other security is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this provision "External Indebtedness" means any loan or other indebtedness (or any guarantee thereof) which is:

- (i) in the form of or represented by any bonds, notes or other securities for the time being quoted, listed or dealt in on any stock exchange or over-the-counter market; and
- (ii) either (a) denominated or payable in a currency other than euro and initially offered by or on behalf of the Issuer or the Parent or the relevant Subsidiary (as the case may be) primarily to persons resident outside any country in the currency of which it is denominated or payable (whether compulsorily or at the option of the holder) or (b) denominated or payable in euro and initially offered by or on behalf of the Issuer or the Parent or the relevant Subsidiary (as the case may be) primarily to persons resident outside Sweden and, if different, the country of incorporation of the Issuer or the Parent or the relevant Subsidiary (as the case may be).

## **5. Interest**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

In the case of RMB Notes, if Interest Payment Date Adjustment is specified as being applicable in the applicable Final Terms, if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" has the meaning given to it in Condition 5(b).

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Fixed Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

1. if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (1) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (or, in the case of RMB Notes if Interest Payment Date Adjustment is specified as being applicable in the applicable Final Terms, the relevant payment date or the next Interest Payment Date, as the case may be) (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (2) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
2. if “30/360” is specified in the applicable Final Terms, the number of days in that period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
3. if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the relevant period divided by 365.

In these Terms and Conditions:

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “Business Day” means a day which is both:

- (A) (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the

Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively, (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “TARGET2 System”) is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong; and

- (B) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(iii) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”)) and under which:

- (A) Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is the period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (iii), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Euro-zone” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

(iv) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this sub-paragraph (iv) in the event that the Relevant Screen Page is not available or if, in the case of (A) above,

no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(v) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(vi) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Notes represented by such global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

1. if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
2. if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
3. if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
4. if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
5. if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

6. if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

7. if “30E/360 (ISDA)” is specified hereon, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(vii) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will promptly be notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in London.

(viii) *Determination or Calculation by Trustee*

If for any reason the Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraphs (ii), (iii) or (iv) above, as the case may be, and, in each case, (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(ix) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), whether by the Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Parent, the Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Parent, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Accrual of Interest*

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

## **6. Payments**

### *(a) Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro or Renminbi will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

### *(b) Presentation of Notes and Coupons*

Payments of principal in respect of definitive Notes will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia) and its possessions).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note, where applicable, against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

The holder of a global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer or, as the case may be, the Parent will be discharged by payment to, or to the order of, the holder of such global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Parent to, or to the order of, the holder of such global Note (or the Trustee, as the case may be). No person other than the holder of such global Note (or the Trustee, as the case may be) shall have any claim against the Issuer or, as the case may be, the Parent in respect of any payments due on that global Note.

Notwithstanding the foregoing provisions of this Condition, U.S. dollar payments of principal and/ or interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America):

- (a) if
  - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
  - (iii) such payment is then permitted under United States law; or
- (b) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Parent, adverse tax consequences for the Issuer or the Parent.

(c) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (i) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; and
- (ii) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(e) *Renminbi Account*

All payments in respect of any Note or Coupon in Renminbi will be made solely by credit to a registered Renminbi account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

(f) *Renminbi Currency Event*

If a Renminbi Currency Event (each as defined below) occurs and is specified in the applicable Final Terms, the Issuer on giving not less than five nor more than thirty days irrevocable notice in accordance with Condition 14 to the Noteholders prior to the due date for payment, shall be entitled to satisfy its obligations in respect of such payment (in whole or in part) by making such payment in the Relevant Currency on the basis of the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and Paying Agents by the Calculation Agent.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City; and the definition of "Payment Day" in Condition 6(c) shall mean any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Notes in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition:

"Determination Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

"Determination Date" means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

"Governmental Authority" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"Local Time" means the time of day in the jurisdiction in which the Calculation Agent, appointed in connection with the Notes, is located;

“Relevant Currency” means United States dollars;

“Renminbi Currency Events” means any one of Renminbi Illiquidity, Renminbi Non-Transferability and Renminbi Inconvertibility;

“Renminbi Dealer” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer;

“Renminbi Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

“Renminbi Inconvertibility” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into Renminbi in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“Renminbi Non-Transferability” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

“Spot Rate” means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Local Time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the Spot Rate at or around 11:00 a.m. (Local Time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(f) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Parent, the Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders.

## 7. **Redemption and Purchase**

### (a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### (b) *Redemption for Tax Reasons*

If the Issuer or the Parent satisfies the Trustee immediately prior to the giving of the notice referred to below that (i) as a result of any change in the laws of Sweden, which becomes effective on or after the Issue Date of the first Tranche of the Notes, on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided in Condition 8; or (ii) on the occasion of the next payment due in respect of the Notes, the Parent would be unable to procure the Issuer to make payment and, in making such payment itself under the Guarantee, the Parent would, as a result of any change in the laws of Sweden, which

becomes effective on or after the Issue Date of the first Tranche of the Notes, be required to pay additional amounts as provided in Condition 8, the Issuer may at its option, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) having given not less than 30 nor more than 60 days' notice to the Trustee and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), redeem all the Notes, but not some only, at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the Option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee;

(which notices shall be irrevocable), redeem all or some only, as specified in the applicable Final Terms, of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of all Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the lowest Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this subparagraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) *Redemption at the Option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the relevant Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or

Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(d).

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at an amount (the "Early Redemption Amount") determined or calculated as follows:

- (i) in the case of a Note other than a Zero Coupon Note, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

" $y$ " is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(f) *Purchases*

The Issuer, the Parent or any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Parent, surrendered to any Paying Agent for cancellation.

(g) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and all Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(h) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is

improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders either in accordance with Condition 14 or individually.

## 8. Taxation

(a) All payments of principal and interest in respect of the Notes and Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (“Taxes”) of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision of, or any authority in, or of, Sweden having power to tax unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer or, as the case may be, the Parent will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (i) to, or to a third party on behalf of, a Noteholder or Couponholder who is liable for the Taxes in respect of such Note or Coupon by reason of such holder having some connection with Sweden other than (1) the mere holding of such Note or Coupon or (2) the receipt of principal or interest in respect of such Note or Coupon; or
- (ii) to, or to a third party on behalf of, a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a Payment Day; or
- (iv) presented for payment in Sweden; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of the holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

(b) As used herein, the “Relevant Date” means the date on which such payment first becomes due but, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Condition 14.

(c) Notwithstanding any other provisions contained herein, the Issuer and the Parent shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor provisions), pursuant to any intergovernmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“FATCA withholding”) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or the Parent not being entitled to receive payments free of FATCA withholding. Neither the Issuer nor the Parent will have any obligation to pay additional amounts or otherwise indemnify a holder for any such FATCA withholding deducted or withheld by the Issuer, the Parent, the Paying Agent or any other party.

## **9. Prescription**

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## **10. Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e)) together with accrued interest (if any) as provided in the Trust Deed, in any of the following events:

- (i) default is made in the payment of any principal due in respect of the Notes or any of them and default continues for a period of 15 days or if default is made in the payment of any interest due in respect of the Notes or any of them and the default continues for a period of 30 days; or
- (ii) the Issuer or the Parent defaults in the performance of any other obligation under the Trust Deed and (except where such default is not capable of remedy when no such notice or continuation as is hereinafter mentioned will be required) such default continues for 60 days after written notice thereof shall have been given to the Issuer and the Parent by the Trustee; or
- (iii) other indebtedness for borrowed money of the Issuer, the Parent or any Principal Subsidiary (as defined in the Trust Deed) becomes repayable prematurely as a consequence of any default by it in its obligations in respect of the same, or the Issuer, the Parent or any Principal Subsidiary fails to repay any such indebtedness for borrowed money when due (subject to any permitted grace period applicable to the repayment of such indebtedness for borrowed money) or fails to perform its payment obligations under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money of any other person within any grace period applicable to any payment due under such indebtedness for borrowed money, provided that the aggregate principal amount of all such indebtedness for borrowed money which has become prematurely repayable or has not been repaid or in respect of which the guarantee and/or indemnity has not been performed amounts to at least U.S.\$80,000,000 (or its equivalent in any other currency); or
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer, the Parent or any Principal Subsidiary be wound up or dissolved otherwise than for the purposes of or pursuant to an amalgamation, merger or reconstruction the terms of which have previously been approved by the Trustee, such approval not to be unreasonably withheld; or
- (v) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Issuer, the Parent or any Principal Subsidiary; or
- (vi) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Issuer, the Parent or any Principal Subsidiary and is not discharged within 60 days thereof; or
- (vii) the Issuer, the Parent or any Principal Subsidiary stops payment or (otherwise than for the purposes of such an amalgamation, merger or reconstruction as is referred to in paragraph (iv) of this Condition) ceases or threatens to cease substantially to carry on business or is unable to pay its debts as and when they fall due; or
- (viii) proceedings shall have been initiated against the Issuer, the Parent or any Principal Subsidiary under any applicable bankruptcy, insolvency or re-organisation law and such proceedings shall not have been discharged or stayed within a period of 60 days; or

- (ix) the Issuer, the Parent or any Principal Subsidiary initiates or consents to proceedings relating to itself under any applicable bankruptcy, composition, insolvency or re-organisation law or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors; or
- (x) if the Guarantee ceases to be, or is claimed by the Parent not to be, in full force and effect,

provided that, in the case of any event other than those described in sub-paragraphs (i), (iv) (in the case of a winding up or dissolution of the Issuer or the Parent) and (x) above, the Trustee shall have certified to the Issuer and the Parent that the event is, in its opinion, materially prejudicial to the interests of the Noteholders.

## **11. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 14, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agent and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer and the Parent are, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed or admitted to trading on any stock exchange or other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of that stock exchange or other relevant authority;
- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe;
- (iii) there will at all times be an Agent; and
- (iv) the Issuer and the Parent undertake that they will ensure that they maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Parent shall forthwith appoint a Paying Agent (such Paying Agent having been approved in writing by the Trustee) having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Notice of any variation, termination, appointment or change in the Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

## **13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **14. Notices**

All notices regarding the Notes shall be published (i) in the *Financial Times* or any other daily newspaper in London approved by the Trustee or, if this is not possible, in one other English language daily newspaper approved by the

Trustee with general circulation in Europe, and (ii) if the Notes are listed on the Official List, and admitted to trading on the regulated market, of the Luxembourg Stock Exchange (so long as the rules of that exchange so require) in a daily newspaper with general circulation in Luxembourg which is expected to be *Luxemburger Wort* and/or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date of the first publication in all the required newspapers and, if applicable, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on any stock exchange, the rules of such exchange or any other relevant authority permit) so long as the global Note(s) is/are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes, except that if the Notes are listed on the Luxembourg Stock Exchange notice will, in any event, be published in a daily newspaper with general circulation in Luxembourg or in places required by the rules of that Stock Exchange so long as the rules of the relevant exchange so require. And, in addition, for so long as any Notes are listed or admitted to trading on any other stock exchange or any other relevant authority and the rules of that stock exchange or any other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or any such other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **15. Meetings of Noteholders, Modification and Waiver**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons) or certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject as provided above) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or may determine that any condition, event or act which, but for such determination, would constitute an Event of Default, shall not be treated as such which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification of any of these Terms and Conditions or any of the provisions of the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise of its trusts, powers, authorities or discretions for individual Noteholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be

entitled to claim, from the Issuer or the Parent or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **17. Enforcement**

The Trustee may at its discretion and without further notice take such proceedings against the Issuer and/or the Parent as it may think fit to enforce the obligations of the Issuer and/or the Parent under the Trust Deed and the Notes and Coupons, but it shall not be bound to take any such proceedings or any other action unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by holders of at least one-quarter in nominal amount of the Notes outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Parent unless the Trustee, having become bound so to do, fails so to do within a reasonable period and such failure is continuing.

## **18. Substitution**

The Trustee may, without the consent of the Noteholders or the Couponholders, agree with the Issuer and the Parent (or, if applicable, their successors in business as defined in the Trust Deed) to the substitution (i) in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of (I) the successor in business of the Issuer or (II) another company being the Parent (or the successor in business of the Parent) or of any of the other Subsidiaries of the Parent (or its successor in business as aforesaid), or (ii) in place of the Parent (or of any previous substitute under this provision) of its successor in business, subject in each case to (a) except where the Parent becomes the principal debtor the Notes being unconditionally and irrevocably guaranteed by the Parent or its successor in business, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, and (c) certain other conditions set out in the Trust Deed being complied with.

## **19. Indemnification**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction.

## **20. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **21. Governing Law and Submission to Jurisdiction**

The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of, or in connection with them, are governed by, and shall be construed in accordance with, English law.

The Issuer and the Parent have each irrevocably agreed in the Trust Deed for the exclusive benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and the Coupons (including any disputes relating to any non-contractual obligations arising out of, or in connection with them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in the courts of England.

The Issuer and the Parent have in the Trust Deed irrevocably and unconditionally waived and agreed not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer or, as the case may be, the Parent and may be enforced in the courts of any other jurisdiction. Nothing in this provision shall limit any right to take Proceedings against the Issuer or the Parent in any other court of

competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

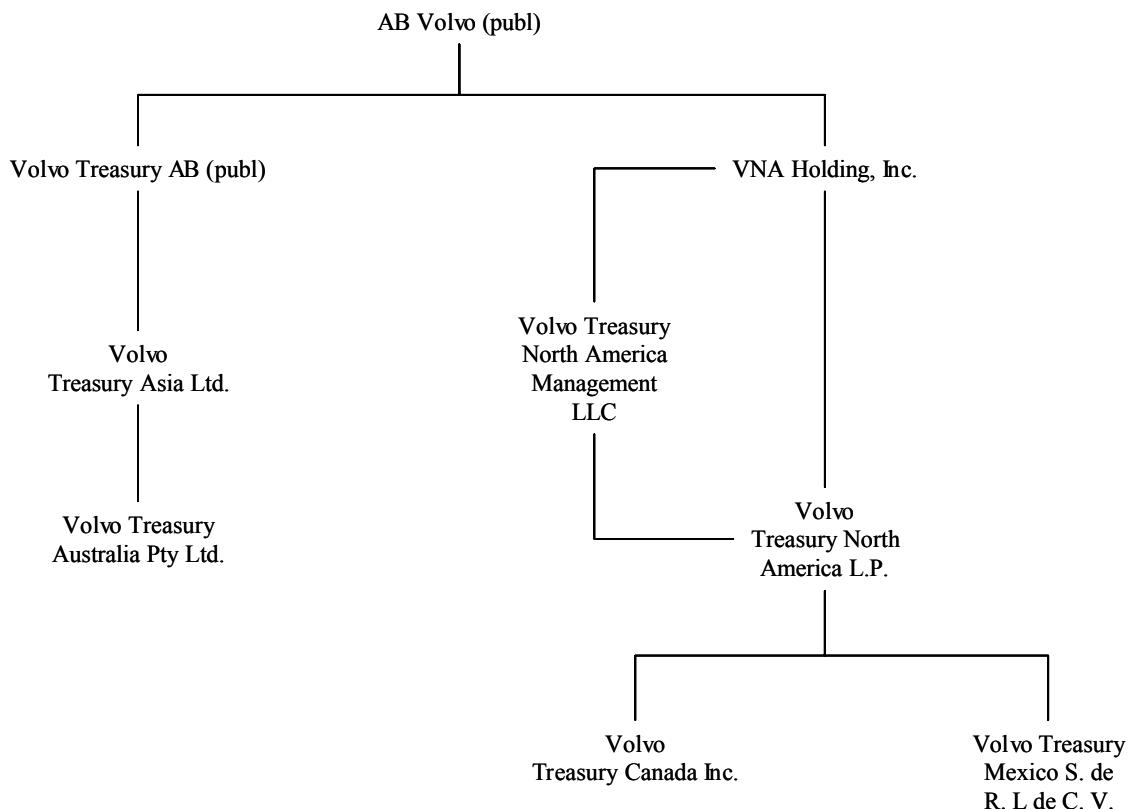
The Issuer and the Parent have in the Trust Deed appointed VFS Financial Services Limited at its office for the time being at Wedgnock Lane, Warwick CV34 5YA as their agent in England for service of process on their behalf and have agreed that in the event of VFS Financial Services Limited ceasing so to act they will appoint such other person as the Trustee may approve as their agent for service of process.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for general funding purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **VOLVO TREASURY AB (publ) BACKGROUND AND MAIN ACTIVITIES**

### **Organisation**



### **HISTORY AND DESCRIPTION**

Volvo Treasury AB (publ) (the “Issuer”) is a wholly-owned subsidiary of the Parent and was established on 4th May, 1970 under the laws of Sweden and started its current business on 28th June, 1985. The Issuer is the parent company of Volvo Treasury Asia Ltd., which in turn is the parent company of Volvo Treasury Australia Pty Ltd. The Issuer is registered with the Swedish Companies Registration Office under No. 556135-4449 as a public company with limited liability and has its registered office in Göteborg, Sweden and address at SE-405 08 Göteborg, Sweden. The telephone number of the office is +46 31 66 95 33. As at 14th November, 2012, the issued share capital of the Issuer amounted to SEK 500 million and is fully paid up. The share capital is divided into 5,000,000 ordinary shares at a par value of SEK 100 each.

The objects of the Issuer’s operations are set out in paragraph 2 of its Articles of Association. They include (directly or through the holding of shares or participation rights in other companies) owning and managing real estate, movable property, capital and financial instruments, carrying on consulting activities within the aforementioned areas as well as activities compatible therewith.

The Issuer, Volvo Treasury North America L.P. and their respective subsidiaries (collectively referred to as “Volvo Treasury”) are acting as internal banks for the Volvo Group. They support the Volvo Group companies with services related to treasury and cash management. Volvo Treasury conducts most of the financial transactions of the Volvo Group. Volvo Treasury is responsible for all interest-bearing assets and liabilities as well as all foreign exchange and funding operations within the Volvo Group. Consolidated financial management offers better potential to utilise the Volvo Group’s financial assets and cash flow and professionally manage risks related to financial management.

Volvo Treasury operations are carried out according to centrally determined risk mandates and limits designed to minimise the currency, interest rate and liquidity risks to which the Volvo Group is exposed. These risks and the manner in which the Volvo Group handles them are presented in the Volvo Group 2011 Annual Report incorporated by reference in this Prospectus (see “Documents Incorporated by Reference” herein).

The Swedish Code of Corporate Governance (the “Code”) is not applicable to the Issuer as it has no shares listed on NASDAQ OMX Stockholm Exchange. The Parent applies the Code as it has shares listed on the Stockholm Stock Exchange.

### ***Management of Volvo Treasury***

Ulf Niklasson	President, Volvo Treasury AB (publ), Member of the Board of the Association of Swedish Treasurers
Thomas Lestin	Vice President and Global Head of Treasury and Trading, Volvo Treasury AB (publ)
Sune Martinsson	Vice President and CFO, Volvo Treasury AB (publ)
Ulf Rapp	Vice President and Head of Legal, Volvo Treasury AB (publ)
Erwin Tan	President, Volvo Treasury Asia Ltd.
Charles Albrecht	President, Volvo Treasury North America Management LLC, President, Volvo Treasury North America L.P.

There are no conflicts of interest between any duties to the Issuer of the Management and their private interests to the best of the Issuer’s knowledge.

The business address of the above-mentioned persons is SE-405 08 Göteborg, Sweden.

### ***Board of Directors of the Issuer***

The Articles of Association of the Issuer currently states that the Board of Directors shall comprise a minimum of three and a maximum of ten members and a maximum of the same number of deputies. These are elected each year at the annual general meeting for the period up to the end of the next annual general meeting. Annual general meetings are to be held in Göteborg not later than 30th June each year.

Anders Osberg	Chairman of the Board, Executive Vice President Finance & Business Support and CFO, AB Volvo (publ)
Ulf Niklasson	President of Volvo Treasury AB (publ), Member of the Board of the Association of Swedish Treasurers
Rune Alsterholm	External Board Member
Rikard Bentelius	Corporate Legal Counsel, AB Volvo (publ)

There are no conflicts of interest between any duties to the Issuer of the Board of Directors and their private interests to the best of the Issuer’s knowledge.

The business address of the above-mentioned persons is SE-405 08 Göteborg, Sweden.

### ***Auditors***

PricewaterhouseCoopers AB (“PwC”), authorised public accountants, have audited the Issuer’s annual financial statements since 1998 without qualification in accordance with generally accepted auditing principles in Sweden. The address of the auditors can be found on the last page of this Prospectus.

## **AB VOLVO (publ)**

### **General**

AB Volvo (publ) (the “Parent” or “AB Volvo”) is the parent company of the Volvo Group and was incorporated on 5th May, 1915 under the laws of Sweden. The Parent is registered with the Swedish Companies Registration Office under No. 556012-5790 as a public company with limited liability and has its registered office at SE-405 08 Göteborg, Sweden. The telephone number of the office is +46 31 66 00 00.

The objects of the Parent’s operations are set out in paragraph 2 of its Articles of Association. They include (directly or through subsidiaries) carrying on business within the areas of transport, foodstuffs, energy and finance (with the exception, however, of activities provided for the Swedish Banking Business Act and the Swedish Credit Market Companies Act), managing real estate and moveable property and carrying on other activities compatible therewith.

The Parent is the holding company of all the companies in the Volvo Group, directly or indirectly, and the assets of the Parent are substantially comprised of shares in Volvo Group companies. The Parent does not conduct any business itself and is therefore dependent on the Volvo Group companies and the revenues received by them.

The Volvo Group is an international transport equipment group with a worldwide marketing organisation and production. The Parent started production of cars in 1927 and of trucks in 1928. Historically, the Volvo Group has operated in two main areas: cars and vehicles for commercial use. The latter includes trucks, buses, construction equipment and marine and industrial engines. Operations also include production of aircraft engine components (and related services) and financial services. In March 1999, the Volvo Group sold Volvo Cars to Ford Motor Company. Through the acquisition of Mack Trucks Inc. and Renault V.I. in 2001, the Volvo Group strengthened its position as a producer of heavy trucks. Through the acquisitions of Japanese truck manufacturer Nissan Diesel (name changed to UD Trucks in 2009), Chinese wheel-loader manufacturer Lingong and Ingersoll Rand’s division for road construction equipment in 2007, and the formation of a joint-venture for the production of trucks and buses with India-based Eicher Motors in 2008, the Volvo Group has considerably strengthened its position in Asia. On 1st October, 2012, the Volvo Group completed the divestment of Volvo Aero to GKN. The Volvo Group is today focused entirely on the commercial transport products segment.

Headquartered in Göteborg, Sweden the Volvo Group had 102,007 employees as at 30th September, 2012. The Volvo Group operates in an international environment with production and assembly carried out in 20 countries and with sales in more than 190 countries worldwide. Its shares are traded on NASDAQ OMX Stockholm Exchange, Sweden.

In December 2007, Volvo’s American Depository Receipt (ADR) was delisted from the NASDAQ exchange in the US. Following the delisting, all official trading in AB Volvo shares is concentrated to NASDAQ OMX Stockholm Exchange.

### **Principal activities**

The Volvo Group has its origins in 1927. The first truck, the Series 1, was presented in January 1928. Today, the Volvo Group is one of the world’s leading suppliers of commercial transport solutions providing products such as trucks, buses, construction equipment as well as drive systems for marine and industrial applications. The Volvo Group also offers its customers spare parts and aftermarket services as well as financial services.

The Volvo Group's vision is to become the world leader in sustainable transport solutions by:

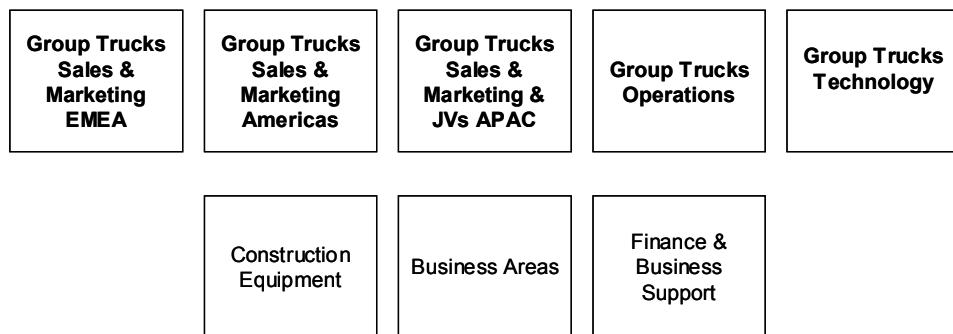
- creating value for customers in selected segments;
- pioneering products and services for the transport and infrastructure industries;
- driving quality, safety and environmental care; and
- working with energy, passion and respect for the individual.

## **Principal markets**

Volvo Group customers are active in more than 180 countries worldwide, mainly in Europe, Asia and North America. Group sales of products and services are conducted through both wholly-owned and independent dealers. The global service network handles customer demand for spare parts and other services.

The Volvo Group's largest geographical markets during the first nine months of 2012 were Europe which accounted for 36 per cent. of net sales, North America 24 per cent. and Asia 23 per cent.. The Industrial Operations' net sales per segment during the first nine months of 2012 were distributed as follows: Trucks 64 per cent., Construction Equipment 23 per cent., Buses 6 per cent., Volvo Penta 3 per cent. and Volvo Aero 2 per cent. and Other Areas (mainly Governmental Sales) 2 per cent..

## **Organisational Structure**



The Volvo Group introduced a new organisation on 1st January, 2012. The various operations are organised to deliver the greatest possible focus on customers and their needs, and to exploit and harness the Volvo Group's far-reaching and shared resources in the best possible way. The truck operations account for almost two-thirds of the Volvo Group's total turnover and are organised such that (1) all product development is gathered together in Volvo Group Trucks Technology, (2) all production is grouped separately in Volvo Group Trucks Operations and (3) all sales operations are divided into distinct geographic regions: North and South America (the "Americas"), Europe, Middle East and Africa ("EMEA") and Asia and Pacific ("APAC").

In addition to truck operations there are Construction Equipment, Business Areas and Finance & Business Support. After the divestment of Volvo Aero, Business Areas consists of Volvo Buses, Volvo Penta and Governmental Sales. The Finance & Business Support unit brings together the Volvo Group's various operations in the financial sphere, such as customer financing, as well as IT, Treasury and HR services.

### ***Group Trucks Sales and Marketing***

Volvo Group Trucks includes the Volvo Group's total truck operations with product development, purchasing, manufacturing, sales and aftersales and is headed by CEO Olof Persson. Sales and marketing for all truck companies are organised into three geographical regions: Americas, EMEA and APAC.

Volvo Group Trucks Sales and Marketing Americas is responsible for sales and marketing throughout North and South America, with global responsibility for the Mack brand. Group Trucks Sales and Marketing Americas is headed by Dennis Slagle.

Volvo Group Trucks Sales and Marketing EMEA is responsible for sales and marketing in Europe, the Middle East and Africa, with global responsibility for the Volvo and Renault brands. Group Trucks Sales and Marketing EMEA is headed by Peter Karlsten.

Volvo Group Trucks Sales and Marketing and JVs APAC is responsible for marketing and sales in Asia and the Pacific region, with global responsibility for UD, the UD Trucks brand. It is also responsible for the Volvo Group's joint venture truck companies – VECV together with Eicher Motors Ltd. in India and DND together with Dongfeng in China. Group Trucks Sales and Marketing and JVs APAC is headed by Joachim Rosenberg.

## **Group Trucks Operations**

Volvo Group Trucks Operations encompasses all production of the Volvo Group's engines and transmissions as well as all production of Volvo, Renault, Mack and UD trucks. Group Trucks Operations also includes spare parts supplies to the Group's customers as well as logistics. Group Trucks Operations is headed by Mikael Bratt.

## **Group Trucks Technology**

Volvo Group Trucks Technology covers the entire value chain from long-term research and planning to final delivery of complete vehicles and services to the Volvo Group truck business, as well as supporting the products in the aftermarket. Volvo Group Trucks Technology has 10,000 employees working in global teams with focus on delivering world-class engineered products and services.

Volvo Group Trucks Technology's areas of responsibilities are as follows: Product Planning, Project & Range Management, Complete Vehicle, Advanced Technology & Research, Powertrain Engineering, Vehicle Engineering and Purchasing. Group Trucks Technology is headed by Torbjörn Holmström.

## **Construction Equipment**

Construction Equipment manufactures equipment for construction applications and related industries all over the world. The operation includes the Volvo and SDLG (Lingong) brands. Volvo Construction Equipment is the world's largest manufacturer of articulated haulers and wheel loaders and one of the largest manufacturers of excavator equipment, road development machines and compact construction equipment. Construction Equipment is headed by Pat Olney.

## **Business Areas**

Volvo Group Business Areas encompasses Volvo Buses, Volvo Penta and Volvo Group Governmental Sales. Business Areas is headed by Håkan Karlsson.

Volvo Bus Corporation ("Volvo Buses") has a broad range of modern buses that offer efficient transport solutions. The product offering includes complete buses and chassis for city and intercity traffic as well as coaches. The business areas also comprise the North America bus manufacturers Nova Bus and Prevost as well as joint-ventures in China. Volvo Buses is headed by Håkan Karlsson.

Volvo Penta develops, manufactures and sells engines and drive systems for marine duties. Volvo Penta also supplies engines for various industrial applications. Volvo Penta is headed by Björn Ingemanson.

Volvo Group Governmental Sales is responsible for the Group's sales to government authorities and organisations. Governmental Sales is headed by Stefano Chmielewski.

## **Finance & Business Support**

The Finance & Business Support unit brings together the Group's various operations in the financial sphere as well as IT and Real Estate. Finance & Business Support is headed by Anders Osberg.

Volvo Financial Services offers financing and other services such as insurance to customers and dealers. Volvo Financial Services is headed by Martin Weissburg. Volvo Group Real Estate is the Group's property management unit headed by Göran Lineberg. Volvo Group Business Services is a global function in human resources and financial administration and is headed by Elisabeth Rocke.

Volvo Group Treasury is the Volvo Group's internal bank and it coordinates the Group's global financial strategy and its economic infrastructure. Treasury is also responsible for handling all interest-earning assets and liabilities as well as foreign exchange activities. Volvo Group Treasury is headed by Ulf Niklasson.

Volvo IT is part of the Volvo Group and supplies IT solutions, telematics services and consultancy services. Its largest customers are in the automotive industry, but the number of customers outside Volvo has increased in recent years. Volvo IT is headed by Olle Höglom.

Volvo Rents is a wholly-owned subsidiary of the Volvo Group and operates a network of company-owned rental stores and franchised rental stores in North America. Volvo Rents is headed by Scott Hall.

## ***Business Overview***

The information in this section is based on that contained in the Volvo Group Annual Report 2011, and such information may be superseded by information contained in the section entitled “Recent Developments – Significant Events”, which should therefore be read in conjunction with this section.

### ***General***

For the full-year 2011, the Volvo Group generated the highest net sales, the best operating income and the highest operating margin to date. Net sales rose to SEK 310 billion (265), operating income improved to SEK 26.9 billion (18.0) and the operating margin was 8.7 per cent. (6.8). At the same time, return on operating capital in the Industrial Operations rose to 28.8 per cent. and return on shareholders’ equity in the Group to 23.1 per cent.

### ***Success in many ways***

Success can be measured in numerous ways; sales, orders received or market shares. In particular, market shares provide a rapid and key indication of the Group’s customers’ true opinions of its products and how they compare to the competition.

In 2011, Renault Trucks maintained its market share in Europe despite weak demand in its historic strong markets in Southern Europe. The Volvo brand reaped great success and in the heavy-duty segment in Europe increased its market share to a record 16.0 per cent. The European market weakened somewhat towards the end of the year but after that stabilised on the new, slightly lower level.

Market shares in North America also increased. In the U.S., Volvo and Mack had a combined 19.8 per cent. of the market for heavy-duty trucks. In North America, the Volvo Group has made breakthroughs with its own engines and transmissions.

In Brazil, the market share rose to 17.1 per cent. for heavy-duty trucks and, for the first time, Volvo is the leader at the top of the heavy-duty truck segment. In the short-term, the Brazilian market will be impacted by the transition to new emission standards that took place at the turn of the year, but the long-term development in Brazil and the other markets in South America is believed to be positive.

Volvo Construction Equipment (“Volvo CE”) has also strengthened its positions in several growth markets worldwide. In China, the Volvo Group’s brands Volvo and SDLG gained the position as market leader within wheel loaders and excavators. SDLG recently launched new models of excavators.

### ***Increased profitability***

Good market conditions in the main and increasing market shares driven by competitive products translated into the Truck Operations delivering some 238,000 trucks during 2011 – an increase of 32 per cent. compared to the preceding year. Net sales in the Truck Operations surpassed SEK 200 billion and profitability improved to an operating margin of 9.1 per cent.

Volvo CE increased its deliveries by almost 30 per cent. to the new record level of 84,000 machines. The year was characterised by a high activity level with the launch of many new products and a continued expansion in growth markets. Despite a strong headwind from the weak dollar, Volvo CE delivered an operating income of SEK 6.7 billion and an operating margin of 10.2 per cent.

From a historic perspective, Volvo Buses had a good year, both in terms of volumes and profitability. This was achieved by successful efforts to grow in emerging markets, which offset the continued weak markets in Europe and the U.S. Operating income increased to SEK 1 billion and operating margin improved to 4.6 per cent., which is below the Group average but good when compared to competitors.

Volvo Penta was impacted by a continued weak market for marine engines and towards the end of the year also for industrial engines, but despite this, achieved an operating income of almost SEK 800 million with an operating margin of 8.8 per cent.

For the Customer Finance Operations, the trend pointed in the right direction, with portfolio growth and lower credit losses. Volvo Aero also had to struggle with a significant headwind from currency. Despite this, Volvo Aero’s

operating margin amounted to 5.2 per cent. On 1st October, 2012, the Volvo Group finalised the sale of Volvo Aero to the British engineering company GKN.

### ***Financially strong Group***

Driven by improved profitability and the good cash flow, the net financial debt in the industrial operation was down to 25 per cent. of shareholders' equity at year-end, which means that the Group is financially strong in an environment that in the beginning of 2012 is characterised by turmoil in the financial markets and uncertain macro-economic trends.

### ***Reorganisation to increase sales and profitability***

The Volvo Group has a new vision – to become the world leader in sustainable transport solutions. This shall be pursued by creating value for customers and by pioneering the development in the Group's industries. The Group has new financial targets, a new organisation and a number of new management teams in place. On 1st January, 2012, a new organisation was put in place to better capitalise on the global potential in the Group's products and brands and to improve the Group's efficiency.

### ***Investments in fixed assets***

Investments in fixed assets including capitalised development costs during 2011 amounted to SEK 12.6 billion (10.3).

#### *Investments in 2011 (2010 in parenthesis)*

<i>Segment</i>	<i>Investment (SEK billions)</i>	<i>Type</i>
Trucks	8.4 (7.2)	The capital expenditures within Trucks consist to a large extent of investments related to product renewals in Volvo Group's product programme, with product development activities and required adaptations in the plants. In the plants there are also ongoing investments aiming for increased capacity and flexibility, mainly in the cab plant in Umeå, Sweden, and in the engine plants with machining and assembly processes in Skövde, Sweden, and Ageo, Japan. During 2011, the Volvo Group has also invested in the dealer network and workshops, mainly in Europe and Asia, as well as in its joint venture VE Commercial Vehicles ("VECV").
Construction Equipment	1.9 (1.4)	The majority of the investments refer to expansion of the excavator business for both Volvo brand and SDLG brand. During 2011 mainly China and Korea have been impacted, in capacity investments in machining and assembly area. Product-related investments during the year refer to the emission regulations in Europe and North America, and Tier 2 and Tier 3 requirements for new models in the BRIC countries (Brazil, Russia, India and China).
Buses	0.3 (0.2)	Investments in Buses were mainly related to emission standards and product renewals.
Volvo Penta	0.2 (0.2)	Investments in Volvo Penta consisted mainly of product-related investments.
Volvo Aero	0.5 (0.8)	The majority of the investments refer to the involvement in the new engine programs, PW1100G and PW1000G with Pratt & Whitney, and Trent XWB with Rolls-Royce. The investments also refer to finalisation of a number of investments in Volvo Aero's production facilities in order to secure the capacity required for the XWB and GP7000 program (P&W), and rationalisations in the spool shop.

For 2012, the Volvo Group estimates that investments in property, plant and equipment will be around SEK 10 billion. The investment level is however pending the market development, and in order to be able to adapt the level, the

ongoing and future investments are continuously reviewed and prioritised. The investments in coming product programs continue during 2012, as well as the expansion of the business in the BRIC countries.

### ***Investments in R&D***

In 2011, research and development expenses amounted to SEK 13,276 million (12,970 million). The continued high cost level is primarily a consequence of projects relating to new emission regulations in Europe and South America and the development of products for the growth markets.

### **Recent Developments – Significant Events**

#### ***Annual General Meeting of AB Volvo***

The Annual General Meeting of AB Volvo held on 4th April, 2012 approved the Board of Directors' motion that a dividend of SEK 3.00 per share be paid to the company's shareholders.

Peter Bijur, Jean-Baptiste Duzan, Hanne de Mora, Anders Nyrén, Olof Persson, Ravi Venkatesan, Lars Westerberg and Ying Yeh were reelected as members of the AB Volvo Board. In addition, Carl-Henric Svanberg was elected member of the Board and Board Chairman, replacing Louis Schweitzer who had declined reelection.

Carl-Olof By, representing AB Industrivärden, Jean-Baptiste Duzan, representing Renault s.a.s., Lars Förberg, representing Violet Partners LP, Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen and the Chairman of the Board were elected members of the Election Committee.

#### ***AB Volvo signs memorandum of understanding with Deutz***

On 5th April, 2012 it was announced that AB Volvo had signed a non-binding memorandum of understanding with Deutz AG with the intention to explore the potential to extend the long-term cooperation with a joint development of the next generation of medium-duty engines for off-road applications.

The memorandum of understanding also aims at analysing the conditions for establishing a Deutz majority-owned joint-venture company in China for the production of medium-duty engines for off-road applications. The production company is intended to provide support for the Volvo Group's anticipated growth in off-road applications in Asia. Any implementation requires both companies to agree on the final terms and conditions in a binding contract.

#### ***Unfavourable court ruling in the U.S. pertaining to Volvo Penta engines***

Volvo Powertrain Corporation and the U.S. Environmental Protection Agency are in a dispute pertaining to emission compliance of 8,354 model year 2005 Volvo Penta engines under a 1999 Consent Decree entered between the parties. On 13th April, 2012, the U.S. District Court for the District of Columbia issued an order directing Volvo to pay a total of U.S.\$72,006,337 in penalties and interest. The decision will be appealed.

#### ***AB Volvo acquires shares in Deutz AG***

On 13th June, 2012, AB Volvo announced that it had signed an agreement under which the company was offered the opportunity to increase its shareholding in Deutz AG from 6.7 per cent. to just over 25 per cent. by acquiring a total of 22,117,693 shares from Same Deutz-Fahr Group at a price of EUR 5.88 per share, EUR 130 million in total. The transaction, which was completed on 13th September, 2012, made AB Volvo the largest shareholder in Deutz AG, which for many years has been a strategic partner within medium-duty engines for construction equipment.

#### ***AB Volvo divests Volvo Aero to British GKN for SEK 6.9 billion***

On 5th July, 2012, it was announced that AB Volvo would divest the Group's subsidiary Volvo Aero to the global engineering company GKN for an enterprise value of SEK 6.9 billion. The transaction closed on 1st October, 2012. The sale is expected to generate a positive non-recurring effect on operating income of SEK 300 million in the "Corporate functions and other" segment in the fourth quarter, net of reversed depreciations. Financial net debt will be reduced by approximately SEK 5 billion in the fourth quarter.

### **New Volvo engine for Euro VI**

On 5th July, 2012, Volvo Trucks presented an engine tailored for the Euro VI environmental standards. Nitrogen oxide emissions have dropped by 77 per cent. and particulate emissions have been halved from already low levels. The first engine to be launched is Volvo's D13 460 horsepower engine, which today powers more than one-third of all Volvo trucks.

### **Renault Trucks Defence to acquire French manufacturer Panhard**

On 26th July, 2012, it was announced that Renault Trucks Defence, which is a part of the Volvo Group's Governmental Sales business area, is to acquire the French automotive manufacturer Panhard. The transaction is expected to be finalised during the fourth quarter of 2012. For implementation, approval is required from the relevant authorities. Panhard is a private company which has a background in the car industry. The company specialises in manufacturing light transport vehicles adapted for defence operations. In 2011, Panhard reported sales of EUR 81 million and operating profit amounted to EUR 9.4 million. The company has approximately 300 employees. The transaction is not anticipated to have any significant impact on the Volvo Group's earnings and financial position.

### **New Volvo FH challenges the truck industry and boosts haulage firms' profitability**

On 5th September 2012, Volvo Trucks launched its new Volvo FH series through parallel launches in some of the most important markets in Europe. It was also displayed at the automotive fair in Hannover. The advanced technology of the new Volvo FH will create a new platform for strengthening Volvo Trucks' competitiveness. Production will start in the spring of 2013.

### **Volvo Group invests in Russia**

On 13th September, 2012, the Volvo Group announced that it will invest SEK 783 million in a new facility for the production of cabs at the plant in the Russian city of Kaluga. The facility, which is expected to become operational in 2014, will manufacture cabs for the Volvo and Renault Trucks brands with a total annual capacity of 15,000 cabs.

### **Volvo Group announces new trucks strategy to achieve targeted profitability improvement**

The new strategy is an important step for the Group towards achieving the objective to improve the operating margin by 3 percentage points. The strategy was presented in more detail on 25th September, 2012. The Volvo Group also announced that it will take approximately SEK 600 million of restructuring charges in the third quarter 2012 related to a cost reduction program in Japan and the ending of production of UD trucks for the US market.

### **Volvo Buses to consolidate the manufacture of complete buses in Europe**

On 3rd October, 2012, Volvo Buses announced plans to concentrate its European production of complete buses to the main plant in Wroclaw, Poland. Production at the plant in Säffle, Sweden, will be terminated at end June 2013, if necessary union negotiations have been completed. The relocation is expected to negatively impact the Volvo Group's operating profit in the fourth quarter of 2012 in an amount of about SEK 100 million.

### **New organisation for the truck dealer networks in Europe, the Middle East and Africa**

On 10th October, 2012, the Volvo Group announced that it intends to introduce a new organisation for its truck dealer networks in Europe, the Middle East and Africa ("EMEA"). The reorganisation aims to capitalise more effectively on opportunities for the Group's brands and products in line with the new truck strategy. Costs associated with the reorganisation of the Volvo Group's dealer network and sales and marketing organisations in EMEA are currently estimated to be in the magnitude of SEK 900 million starting in the fourth quarter and going forward.

### **Further recent developments**

The unaudited Interim Report for the First Three Quarters of the Financial Year 2012, for the nine month period ended 30th September, 2012, which is incorporated by reference in this Prospectus, describes further recent developments.

## **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 of the Parent, 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 of the Parent. An Election Committee, appointed by the Annual General Meeting of the Parent, proposes candidates to serve as Board members, Board Chairman and external auditors of the Parent. The Board of the Parent is responsible for the Volvo Group's long-term development and strategy, for regularly controlling and evaluating the Volvo Group's operations and for other duties set forth in the Swedish Companies Act. In addition, the Board of the Parent appoints the President of the Parent, who is also the Chief Executive Officer ("CEO") of the Volvo Group. The duties of the Board of the Parent are partly exercised through its Audit Committee and its Remuneration Committee. The CEO of the Volvo Group is in charge of the daily management of the Volvo Group in accordance with guidelines and instructions provided by the Board of the Parent.

On 1st January, 2012, the Volvo Group introduced a new organisation, which among other things aims at the coordination of products and brands in the Group's Truck operations. In the new organisation, the CEO leads the operations of the Group partly through the Group Executive Team but also through the Group Truck's Executive Management Team. In addition, the CEO conducts regular follow-ups with the heads of other business areas, Group functions and corporate functions.

The Group Executive Team comprises those who report directly to the CEO. The Group Executive Team has 15 members including the CEO. The Group Executive Team meetings, which are headed by the CEO, address Group-wide issues and issues affecting individual business areas, Group functions or corporate functions. The Group Trucks Executive Management Team comprises, in addition to the CEO, mostly members of the Group Executive Team. Members of the Group Executive Team further have positions in management teams and decision-making bodies for other business areas and Group functions. These bodies will effect control and follow-ups of financial development, strategies and targets as well as make decisions regarding, for example, investments.

### ***The Swedish Corporate Governance Code***

The Parent applies the Swedish Code of Corporate Governance (the "Code").

Between 1st January, 2011 and 31st December, 2011 the Parent did not deviate from any of the regulations set forth in the Code.

### ***Election Committee***

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

The Election Committee's proposal shall be presented to the Parent in sufficient time to be included in the notice to attend the Annual General Meeting of the Parent and to be published on Volvo Group's website at the same time. In conjunction with the publication of the notice to attend the Annual General Meeting, the Election Committee shall, among other things, comment on whether those persons who are proposed to be elected as Board members of the Parent are to be considered as independent in relation to the company and company management as well as to major shareholders in the Parent and further to comment on their material assignments and holding of shares in the Parent. According to existing instructions, the Annual General Meeting of the Parent shall select five members to serve on the Election Committee, of which four shall represent the largest shareholders in the Parent, in terms of the number of votes, who have expressed their willingness to participate. In addition, one of the members shall be the Chairman of Board of the Parent. Additionally, the Election Committee can offer other larger shareholders the opportunity 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, however, may not exceed seven.

At the Annual General Meeting of the Parent, held on 4th April, 2012, the Chairman of the Board of the Parent, Jean-Baptiste Duzan, representing Renault s.a.s., Carl-Olof By, representing AB Industriärden, Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen, and Lars Förberg, representing Violet Partners LP, were appointed as members of the Election Committee. The Election Committee has appointed Carl-Olof By as Chairman of the Election Committee.

### ***The Board***

The Board of Directors of the Parent consists of nine members and no deputy members elected by the Annual General Meeting of the Parent. In addition, the Board has three members and two deputy members appointed by employee organisations. Carl-Henric Svanberg is the Chairman of the Board of the Parent. The CEO of the Volvo Group, Olof Persson, is a member of the Board of the Parent.

The Board of the Parent 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 of the Parent 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 of the Parent decides on the fees to be paid to the Board members of the Parent elected by the shareholders. The Annual General Meeting of the Parent held on 4th April, 2012 approved that, for the period until the close of the next Annual General Meeting, the Chairman of the Board should receive a fee of SEK 2,100,000 and each of the remaining members elected by the Annual General Meeting should receive a fee of SEK 700,000, with the exception of the President. In addition, the Chairman of Audit Committee should receive SEK 300,000 and the other members of the Audit Committee SEK 150,000 each and the Chairman of the Remuneration Committee should receive SEK 125,000 and the other members of the Remuneration Committee SEK 100,000 each.

### ***Audit Committee***

In December 2002, the Board of the Parent 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 and consolidated accounting. In addition, the Audit Committee's task is to establish guidelines specifying what other services, beyond auditing, the Volvo Group may procure from the auditors of the Parent and to provide guidelines for transactions with companies and persons closely associated with the Volvo Group. The Audit Committee also has the task of reviewing and overseeing the impartiality and independence of the Parent's auditor. The Audit Committee is also responsible for evaluating the internal and external auditors' work, providing the Election Committee with the results of the evaluation and assisting in preparing proposals for auditors. Finally the Audit Committee shall evaluate the quality, relevance and effectiveness of the Volvo Group's system for internal control over financial reporting and with respect to the internal audit and risk management.

At the statutory Board meeting following the 2012 Annual General Meeting of the Parent, Lars Westerberg, Peter Bijur and Jean-Baptiste Duzan were appointed members of the Audit Committee. Lars Westerberg was appointed Chairman of the Audit Committee.

### ***Remuneration Committee***

In April 2003, the Board of the Parent established a Remuneration Committee 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 of the Parent regarding terms of employment and remuneration for the President of the Parent, principles for remuneration, including pensions and severance payments for other members of the Volvo Group Executive Team, and principles for variable salary systems, share-based incentive programs, pensions and severance payments for other senior executives in the Volvo Group. In addition, the Remuneration Committee shall approve proposals on remuneration of the other members of the Group Executive Team in accordance with the principles established by the Board of the Parent.

The Remuneration Committee shall also monitor and evaluate on-going programs and programs concluded during the year covering variable remuneration for the Group Executive Team, application of the guidelines for remuneration to senior executives on which the Annual General Meeting shall resolve and the current remuneration structures and levels in the Group.

At the statutory Board meeting following the 2012 Annual General Meeting of the Parent, Carl-Henric Svanberg, Anders Nyrén and Ying Yeh were appointed members of the Remuneration Committee. Carl-Henric Svanberg was appointed Chairman of the Remuneration Committee.

#### ***Disclosure Committee***

A Disclosure Committee was established in 2004. The Committee contributes to ensuring that the Parent fulfils 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 Disclosure Committee is chaired by a member of the Group Executive Team appointed by the CEO. The Committee shall further consist of the heads of the following Corporate Staff Functions at the Parent; Corporate Audit, Corporate Finance, Corporate Legal, Group Business Control, Group Financial Reporting, Investor Relations and Media Relations & Corporate News.

#### ***The Board***

The Board of the Parent consists of the following members:

Carl-Henric Svanberg	Chairman of the Board (since 4th April, 2012). Member of the Board (since 4th April, 2012). Chairman of the Remuneration Committee. Master of Science, B. Sc. Business Administration. Board Chairman: BP plc.
Peter Bijur	Member of the Board (since 2006). Member of the Audit Committee. MBA Marketing, BA Political Science. Board member: Gulfmark Offshore Inc.
Hanne de Mora	Member of the Board (since 2010). BA in Economics from HEC in Lausanne, MBA from IESE in Barcelona. Board Chairman: a-connect (group) ag. Board member: Sandvik AB and IMD Foundation Board.
Jean-Baptiste Duzan	Member of the Board (since 2009). Member of the Audit Committee. Graduate of the Ecole Polytechnique. Senior Advisor at Lazard Frères. Board member: Nissan Motor Co. Ltd.
Anders Nyrén	Member of the Board (since 2009). Member of the Remuneration Committee. Graduate of the Stockholm School of Economics, MBA at UCLA. President and CEO of AB Industriärden. Board Chairman: Sandvik AB. Vice Chairman: Svenska Handelsbanken. Board member: AB Industriärden, Ernströmgruppen, SSAB Svenskt Stål AB, Svenska Cellulosa Aktiebolaget SCA, Telefonaktiebolaget LM Ericsson, Stockholm School of Economics and SSE Association.
Olof Persson	Member of the Board (since 2011). Bachelor of Science, Business Administration and Economics. President of AB Volvo and CEO of the Volvo Group since 2011.
Ravi Venkatesan	Member of the Board (since 2008). MBA Harvard Business School and M Sc Industrial Engineering. Purdue University. Board member: Infosys Ltd., Advisory Board of Bunge Inc., Non Profit Advisory Board Harvard Business School.
Lars Westerberg	Member of the Board (since 2007). Chairman of the Audit Committee. M Sc Engineering, Bachelor Business Administration. Board Chairman: Husqvarna AB. Board member: SSAB Svenskt Stål AB, Sandvik AB and Stena AB.
Ying Yeh	Member of the Board (since 2006). Member of the Remuneration Committee. BA Literature & International Relations. Board member: ABB Ltd.

Peteris Lauberts	Member of the Board (since 2011). Deputy member of the Board (2010-2011). Employee Representative.
Mikael Sällström	Member of the Board (since 2009). Employee Representative.
Berth Thulin	Member of the Board (since 2009). Deputy Member of the Board (1999-2009). Employee Representative.
Lars Ask	Deputy member of the Board (since 2009). Employee Representative.
Hans Hansson	Deputy member of the Board (since 2012). Employee Representative.

#### ***Secretary to the Board***

Eva Persson	Secretary to the Board (since 1997). Master of Laws. Executive Vice President Corporate Legal & Compliance and General Counsel of the Volvo Group.
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#### ***The Volvo Group Executive Team***

The Volvo Group Executive Team comprises the CEO of the Volvo Group and those who report directly to the CEO of the Volvo Group. The Volvo Group Executive Team consists of the following members:

Olof Persson	President of the Parent and CEO of the Volvo Group since 2011. President of Volvo Construction Equipment (2008-2011). President of Volvo Aero (2006-2008). Member of the Group Executive Team since 2006.
Mikael Bratt	Executive Vice President Group Trucks Operations since 2012. Has held various senior positions in the financial areas in the Volvo Group, most recently as Senior Vice President and CFO 2008-2011. Prior to that Vice President and Head of Corporate Finance at AB Volvo. Member of the Group Executive Team since 2008.
Eva Persson	Executive Vice President Corporate Legal & Compliance and General Counsel, responsible within the Volvo Group for legal matters and General Counsel of the Volvo Group since 1997. Vice President, Head of Corporate Legal of AB Volvo 1993-97. Member of the Group Executive Team since 1997.
Jan-Eric Sundgren	Executive Vice President Public & Environmental Affairs, responsible within the Volvo Group for public & environmental affairs since 2006. Member of the Group Executive Team since 2006.
Peter Karlsten	Executive Vice President Group Trucks Sales & Marketing EMEA since 2012. President of Volvo Powertrain 2007-2011. Senior Vice President Technology for the Volvo Group 2007-2011. Head of Volvo's North American truck operations 2003-2007. Head of Volvo Trucks in Brazil 2001-2003. Member of the Group Executive Team since 2007.
Dennis Slagle	Executive Vice President Group Trucks Sales & Marketing Americas since 2012. President and CEO of North American Trucks 2009-2011. President and CEO of Mack Trucks, Inc. 2008-2011. President and CEO of Volvo Construction Equipment North America 2003-2008. Member of the Group Executive Team since 2008.
Håkan Karlsson	Executive Vice President Business Areas since 2012. President and CEO of Volvo Buses 2003-2011. President of Volvo Logistics 2000-2003. Member of the Group Executive Team since 2003.
Patrick Olney	Executive Vice President Volvo Construction Equipment. Head of Volvo Construction Equipment since 1st May, 2011. Prior to that he has held various senior positions at Volvo Construction Equipment, most recently as Vice President and Head of Operations. Member of the Group Executive Team since 2011.

Joachim Rosenberg	Executive Vice President Group Trucks Sales & Marketing JVs and APAC since 2012. Has held various senior positions in the Volvo Group, most recently as President of Volvo Group Asia Truck Operations 2007-2011. Vice President Volvo Group Alliance Office 2007. Vice President Volvo Powertrain 2005-2007. Member of the Group Executive Team since 2012.
Torbjörn Holmström	Executive Vice President Group Trucks Technology since 2012. President of Volvo 3P 2003-2011. Prior to that he has held various senior positions at Volvo Powertrain. Member of the Group Executive Team since 2012.
Anders Osberg	Executive Vice President Finance & Business Support and CFO since 2012. Has held various positions within Volvo Group Finance and Volvo Treasury, most recently as President of Volvo Treasury Group 2000-2011. Member of the Group Executive Team since 2012.
Kerstin Renard	Executive Vice President Corporate Human Resources since 2012. Senior Vice President Human Resources for the Volvo Group 2007-2011. Prior to that Senior Vice President Human Resources & Communication at Volvo Powertrain 2005-2006. Member of the Group Executive Team since 2012.
Karin Falk	Executive Vice President Corporate Strategy since 2012. Has held various positions within the Volvo Group, most recently as President of Volvo Group NAP (Non-Automotive Purchasing) 2008-2011. Member of the Group Executive Team since 2012.
Mårten Wikforss	Executive Vice President Corporate Communication since 2012. Responsible within the Volvo Group for corporate communications since 1st July, 2012. Prior to that he was Senior Vice President Media Relations & Corporate News. Member of the Group Executive Team since 1st July, 2012.
Magnus Carlander	Executive Vice President Corporate Process & IT since 2012. Has held various senior positions in the Volvo Group, most recently as President of Volvo IT 2008-2011. Member of the Group Executive Team since 2012.

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

As at 28th September, 2012, the cumulative shareholdings of the Board members of the Parent and the members of the Volvo Executive Team amounted to less than 1 per cent. of the votes and shares in the Parent.

Conflicts of interest may occasionally occur between duties of a member of the Board 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 of a member of the Board of the Parent or of a member of the Volvo Group Executive Committee and such member's private interests to the best of the Parent's knowledge.

According to the Volvo Group's Code of Conduct, all representatives 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 Group. Employees' private interests shall not influence, or appear to influence, their judgement or actions in performing their duties as representatives of the Group.

## 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 659,916,463 Series A shares and 1,468,503,757 Series B shares as at 28th September, 2012.

On 28th September, 2012, Renault was known to the Parent to be the holder of shares representing 17.8 per cent. of the votes and 6.8 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 28th September, 2012, Industriärden held shares representing 15.6 per cent. of the votes and 6.0 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 28th September, 2012, Violet Partners LP held shares representing 5.6 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 28th September, 2012, Svenska Handelsbanken (comprising shares held by SHB, SHB Pension Fund, Svenska Handelsbanken 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 28th September, 2012, AMF Insurance & Funds held shares representing 4.2 per cent. of the votes and 3.3 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 28th September, 2012.

On 28th September, 2012, there were approximately 248,921 shareholders of the Parent's shares registered with the Swedish Securities Register Centre, Euroclear Sweden AB.

The Parent confirms that, to the knowledge of the Parent, as of 28th September, 2012, no other entity or person directly or indirectly controls the Parent.

## **Auditors**

The Parent's auditor is elected at the annual general meeting. The current auditor is PricewaterhouseCoopers AB ("PwC"), which was elected at the 2010 annual general meeting of the Parent for a period of four years. Two PwC partners, Peter Clemedtson and Johan Rippe, are responsible for the audit of the Volvo Group. Peter Clemedtson is the Lead Partner. The address of the auditors can be found on the last page of this Prospectus.

## **Litigation**

In July 1999, Volvo Truck Corporation ("VTC") and Volvo Construction Equipment ("VCE") entered into a Consent Decree with the U.S. Environmental Protection Agency ("EPA"). The Consent Decree included, among other provisions, that new stricter emission requirements for certain engines that would come into force on 1st January, 2006, should be applied by VTC and VCE from 1st January, 2005. The Consent Decree was later transferred from VTC and VCE to Volvo Powertrain Corporation. During 2008, the EPA demanded stipulated penalties from Volvo Powertrain Corporation in the amount, including interest, of U.S.\$72 million, 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, among other grounds, their assertion that the Volvo Penta engines were not subject to the Consent Decree. The dispute was referred to a U.S. court.

The United District Court of the District of Columbia handed down a decision in the dispute on 13th April, 2012. The Court found in favour of the EPA and ordered Volvo Powertrain to pay penalties and interest of approximately U.S. \$72 million, Volvo Powertrain has appealed the decision. As of 30th September, 2012 an amount of SEK 65 million has been set as a provision and SEK 405 million has been retained as a contingent liability. The Volvo Group is subject to investigations initiated by competition authorities. The Volvo Group cooperates fully with the respective authority.

In September 2010, Volvo Trucks' and Renault Trucks' UK subsidiaries, together with a number of other international truck companies, became the subject of an investigation initiated by the Office of Fair Trading ("OFT"), the British competition authority. In June 2012, OFT decided to close its investigation on the grounds that it considers the European Commission to be best placed to act in the matter. The OFT has reserved its right to reopen the investigation. In January 2011, the Volvo Group and a number of other companies in the truck industry became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules.

In April 2011, the Volvo Group's truck business in Korea and a number of other truck companies became subject of an investigation by the Korean Fair Trade Commission.

Given the nature of the ongoing investigations initiated by competition authorities, the Volvo Group cannot exclude that they may affect the Group's result and cash flow with an amount that may be material. However, as regards the investigation initiated in Europe, it is too early to assess whether and when such effect may occur and hence if and when it could be accounted for. The Volvo Group has therefore not reported any contingent liability or any provision for the investigation initiated in Europe. Concerning the investigation initiated in Korea a contingent liability has however been recognised.

In May 2011, Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. In June 2012, the European Commission closed the investigation without further actions.

Global actors like the Volvo Group are occasionally involved in tax disputes of different proportions and in different stages. On a regular basis the Volvo Group evaluates the 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. The Volvo Group does not believe that any liabilities relating to such proceedings are reasonably likely to have a material adverse effect on the financial condition of the Volvo Group.

## SELECTED FINANCIAL INFORMATION OF THE ISSUER

### Key figures – Consolidated income statements of the Issuer

SEK million	<i>For the years ended</i>	
	2011	2010
Net interest income	1,713.2	1,313.7
Gross income	1,759.2	1,167.8
Operating income	1,650.0	1,061.2
Net income	1,208.7	786.8
Total comprehensive income for the year	1,215.2	795.2

### Key figures – Consolidated balance sheets of the Issuer

SEK million	<i>As at</i>	
	31 December 2011	31 December 2010
Non-current assets	33,248.0	25,537.4
Current assets	122,261.0	116,396.1
<b>Total Assets</b>	<b>155,509.0</b>	<b>141,933.5</b>
Shareholders' equity	14,998.2	14,729.7
Non-current liabilities	71,226.7	65,725.3
Current liabilities	69,282.5	61,472.6
<b>Total shareholders' equity and liabilities</b>	<b>155,509.0</b>	<b>141,933.5</b>

### Key figures – Consolidated income statements of the Issuer

SEK million	<i>For the six months ended</i>	
	30 June 2012	30 June 2011
Net interest income	577.6	744.4
Gross income	579.2	766.7
Operating income	522.8	710.7
Net income	387.2	526.1
Total comprehensive income for the period	399.9	517.2

### Key figures – Consolidated balance sheets of the Issuer

SEK million	<i>As at</i>	
	30 June 2012	31 December 2011
<b>Total Assets</b>	<b>166,463.6</b>	<b>155,509.0</b>
Shareholders' equity	15,398.1	14,998.2
Non-current liabilities	69,291.2	71,228.3
Current liabilities	81,774.3	69,282.5
<b>Total shareholders' equity and liabilities</b>	<b>166,463.6</b>	<b>155,509.0</b>

## SELECTED FINANCIAL INFORMATION OF THE PARENT

### Key figures – Consolidated income statements of the Parent

SEK million	<i>For the years ended</i>	
	2011	2010
Net sales	310,367	264,749
Gross income	75,263	62,952
Operating income	26,899	18,000
Income after financial items	24,929	15,514
Income for the period	18,115	11,212

### Key figures – Consolidated balance sheets of the Parent

SEK million	<i>As at</i>	
	31 December 2011	31 December 2010
Non-current assets	180,585	170,868
Current assets	172,659	147,139
<b>Total Assets</b>	<b>353,244</b>	<b>318,007</b>
Shareholders' equity	85,681	74,121
Non-current provisions	17,949	17,968
Non-current liabilities	96,404	93,325
Current provisions	9,531	8,534
Current liabilities	143,679	124,059
<b>Total shareholders' equity and liabilities</b>	<b>353,244</b>	<b>318,007</b>
Assets pledged	1,832	3,339
Contingent liabilities	17,154	11,003

### Key figures – Consolidated income statements of the Parent

SEK million	<i>For the nine months ended</i>	
	30 September 2012	30 September 2011
Net sales	231,853	223,860
Gross income	53,816	53,878
Operating income	16,501	19,944
Income after financial items	14,695	18,539
Income for the period	10,417	13,317

### Key figures – Consolidated balance sheets of the Parent

SEK million	<i>As at</i>	
	30 September 2012	31 December 2011
Non-current assets	182,457	180,585
Current assets	165,064	172,659
<b>Total Assets</b>	<b>347,521</b>	<b>353,244</b>
Shareholders' equity	85,970	85,681
Non-current provisions	17,962	17,949
Non-current liabilities	87,029	96,404
Current provisions	10,741	9,531
Current liabilities	145,819	143,679

<b>Total shareholders' equity and liabilities</b>	<b>347,521</b>	<b>353,244</b>
Contingent liabilities	18,206	17,154

## 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.

### Swedish Taxation

*The following overview outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The overview is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The overview is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the overview does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.*

#### **Non-resident holders of Notes**

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Notes.

Private individuals who are not resident in the Kingdom of Sweden for tax purposes may be liable to capital gains taxation in the Kingdom of Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in the Kingdom of Sweden or have lived permanently in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

#### **Resident holders of Notes**

As used herein, a resident holder means a holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

If the Notes are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes are withheld by Euroclear Sweden AB or by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) that is a resident holder of any Notes.

### Luxembourg Taxation

*The following overview 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 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. 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 35 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 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, 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).

The European Commission has proposed certain amendments to the Taxation of Savings Income Directive which may, if implemented, amend or broaden the scope of the requirements described above.

## **U.S. withholding tax under FATCA**

The Issuer (and the Parent, where applicable) and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments made after 31st December, 2016 in respect of the Notes pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as “FATCA”). This withholding does not apply to certain securities issued prior to the date that is six months after the date on which final regulations that define “foreign passthru payments” are published. However, it is not entirely clear how these rules will apply to the Notes.

The Issuer (or the Parent, where applicable) may enter into agreements with the U.S. Internal Revenue Service (the “IRS”) to provide certain information about investors. Under these agreements, withholding may be triggered if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person

or should otherwise be treated as holding a “United States Account” of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Notes is made is not able to receive payments free of withholding under FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, neither the Issuer nor the Parent would have an obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

An investor that is a foreign financial institution (for the purposes of FATCA) but that is withheld upon because it has not entered into an agreement with the IRS generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are not currently clear and the above description is based on proposed regulations and interim guidance. Different rules than those described above may apply if the Issuer, the Parent, an investor or any intermediary that is a “foreign financial institution” through which payment on the Notes is made is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA. Investors should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the “Programme Agreement”) dated 14th November, 2012, 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. Treasury 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. The applicable Final Terms will indicate whether TEFRA D rules apply or whether TEFRA is not applicable.

### 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, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, 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

(d) 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 (d) 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, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## **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 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 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 (Act 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 Act (Act 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 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 as amended by Directive 2010/73/EU, 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 and 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*.

### **Hong Kong**

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are “structured products” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “Securities and Futures Ordinance”)) other than (i) to “professional investors” within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to any Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance.

### **The People’s Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of China (excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) as part of the initial distribution of the Notes.

### **Singapore**

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor;

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) or (in the case of a corporation) where the transfer arises from an offer referred to in Section 275(1A) or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

## **Sweden**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will only be offered to the public in Sweden provided that (A) the procedure and provisions under "Subscription and Sale – Public Offer Selling Restriction under the Prospectus Directive" in this Prospectus (as such procedures and provisions have been implemented in Sweden) are complied with; (B) the amount of the Notes offered to each investor is equivalent to at least €100,000 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 at least €100,000 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; (E) the offering is otherwise made in accordance with the provisions of the Prospectus Directive (as implemented in Sweden); or (F) 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 Prospectus Directive, 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.

None of the Parent, the Issuer and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## **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.

### **Approval, 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 the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*. The Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, is a regulated market for the purposes of the Markets in Financial Instruments Directive.

### **Documents Available**

For so long as Notes issued under the Programme are admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, 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, 2010 and 31st December, 2011 and the consolidated financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2010 and 31st December, 2011 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 Trust Deed (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Coupons and the Talons and information relating to the Guarantee), the Agency Agreement and the Issuer-ICSDs Agreement;
- (v) a copy of this Prospectus; and
- (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.

In addition, this Prospectus, any supplement to this Prospectus, any Final Terms relating to Notes which are listed on the Official List of the Luxembourg Stock Exchange and 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](http://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.

## **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

## **Significant or Material Change**

There has been:

- (ii) no significant change in the financial or trading position of the Issuer since 30th June, 2012;
- (iii) no significant change in the financial or trading position of the Parent or the Volvo Group since 30th September, 2012; and
- (iv) no material adverse change in the prospects of the Issuer since 31st December, 2011.

Except as disclosed in (i) the "Selected Financial Information of the Parent" section and (ii) the final paragraph of the "Short-term risk factors" section under "Risk Factors" in this Prospectus relating to sales in the third quarter, there has been no material adverse change in the prospects of the Parent or the Volvo Group, in each case since 31st December, 2011.

## **Litigation**

Except as described on pages 95-96, 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, 2010 and 31st December, 2011. 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).

## **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.

## **Conflicts**

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