



AB Volvo

Press Information

Misleading view of share program and profit sharing within Volvo Group

Unfortunately, the overall impression of an article published in *Dagens Nyheter* today provides a misleading view of the total outcome of various profit-sharing and incentive programs within the Volvo Group. The article presents a theoretical total sum of the programs that is not based on actual circumstances. Moreover, there is a misleading comparison between various programs in which the comparative figures are not based on the same time periods, or comparable circumstances.

According to *DN*, since 2005 the Volvo Group's senior executives have received shares and options for a total value of SEK 750 M. This figure includes options allotted in 2003 and shares distributed in 2005 and 2006 as well as the shares decided in 2006 that will be allotted in spring 2007. To reach the total of SEK 750 M, the newspaper has assumed that all options and shares received, and this includes shares that as yet have not been distributed, have the same value as the price of a Volvo B share on February 7, 2007. Since June 2006, the price of the Volvo B share has risen by slightly more than 50% and since the first allotment of shares occurred already in the spring of 2005 and the options could be exercised since June 2006, in reality many shares and options have been sold at totally other levels.

Furthermore, the article places the figure SEK 750 M in a directly misleading comparison with Volvo's profit-sharing system for the employees in which the theoretical outcome for the options and share program during three years is compared with the outcome in the Group's global profit-sharing system for a single year, 2006 (SEK 450 M). The newspaper did not include the outcomes for 2004 and 2005, which were SEK 200 M and SEK 450 M, respectively. Accordingly, the outcome for the same time period as the options and share program is SEK 1.1 billion. However, not even this figure provides the entire picture because it does not take into account that the increase in the price of the Volvo share did not solely increase the value of the options and shares received but also increased the value of the funds paid out in the profit-sharing program. According to the program rules, these funds are invested in shares, of which half in Volvo shares, for a four-year period before they are paid out to the employees in the form of Volvo shares or extra pension savings.

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The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 82,000 people, has production facilities in 25 countries and sells their products in more than 185 markets. Annual sales of the Volvo Group amount to about 23 billion euro. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on the Stockholm stock exchange and on NASDAQ in the US

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