



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

WEDNESDAY APRIL 14 2010

1. Opening of the Meeting
2. Election of Chairman of the Meeting

Proposal by the Election Committee:

Mr. Sven Unger, Attorney at law

3. Verification of the voting list
4. Approval of the agenda
5. Election of minutes-checkers and vote controllers

Proposal:

Minutes-checkers:

Bengt Belfrage

Eva Halvarsson

Vote controllers:

Auth. Public Acct. Göran Tidström

Auth. Public Acct. Olov Karlsson

Auth. Public Acct. Karin Olsson

Auth. Public Acct. Johan Rippe

6. Determination of whether the Meeting has been duly convened

Notification was published on March 12, 2010 in Post- och Inrikes Tidningar, Dagens Nyheter, Göteborgs-Posten and Sydsvenska Dagbladet.

7. Presentation of the work of the Board and Board committees

8. Presentation of the Annual Report and the Auditors' Report as well as the Consolidated Accounts and the Auditors' Report on the Consolidated Accounts. In connection therewith, the President's account of the operations
9. Adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet
10. The disposition to be made of the Company's profits

Proposal:

The Board of Directors and the President propose that no dividends shall be paid, but that all retained earnings at the Annual General Meeting's disposal shall be carried forward.

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

Proposal by the Election Committee:

Nine members and no deputy members.

All proposals made by the Election Committee and the information concerning the proposed directors and the statement explaining the proposals regarding the Board of Directors that according to the Swedish Code of Corporate Governance shall be available on the company's website and a presentation of the activities carried out by the Election Committee are attached hereto as Enclosure 1.

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

Proposal by the Election Committee:

That the individual fees until the close of the next Annual General Meeting shall remain on the same level as 2009. The Election Committee accordingly proposes that the Chairman of the Board is awarded SEK 1,500,000 and each of the other members SEK 500,000 with the exception of the President. It is further proposed that the Chairman of the Audit Committee is awarded SEK 250,000 and the other two members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

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

Proposal by the Election Committee:

Fees based on invoices for the audit of the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President.

15. Election of the Board of Directors

Proposal by the Election Committee, members:

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

re-election of:

Peter Bijur,
Jean-Baptiste Duzan
Leif Johansson,
Anders Nyrén,
Louis Schweitzer,
Ravi Venkatesan,
Lars Westerberg,
Ying Yeh, and

election for the first time of:

Hanne de Mora.

The Election Committee further proposes election of Louis Schweitzer as Chairman of the Board.

The proposed persons have the assignments as shown in Enclosure 2.

The employee organizations have through separate elections designated the following

members:

Martin Linder (PTK)
Mikael Sällström (LO)
Berth Thulin (LO)

deputy members:

Lars Ask (LO)
Peteris Lauberts (PTK)

16. Election of Auditors and Deputy Auditors

Proposal by the Election Committee:

That the registered accounting firm PricewaterhouseCoopers AB is elected as auditor for a period of four years – until the close of the Annual General Meeting held during the fourth financial year after the election of auditor.

17. Election of members of the Election Committee

Proposal by the Election Committee:

That the Annual General Meeting elects the following persons to serve as members of the Election Committee and resolves that no fees shall be paid to the members of the Election Committee, all in accordance with the instruction for the Election Committee.

- The Chairman of the Board of Directors
- Thierry Moulouguet, representing Renault s.a.s.
- Carl-Olof By, representing AB Industrivärden
- Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen
- Lars Förberg, representing Violet Partners LP

18. Decision on the adoption of a Remuneration Policy for senior executives

The Boards of Directors' proposal is attached hereto as Enclosure 3.

Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2010

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

The Election Committee proposes Sven Unger, attorney, to be the Chairman of the Meeting.

The Election Committee's proposal as regards the number of members and deputy members of the Board of Directors

The Election Committee proposes nine members and no deputy members.

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

The Election Committee proposes that the individual fees shall remain on the same level as 2009. The Election Committee accordingly proposes that the Chairman of the Board is awarded SEK 1,500,000 and each of the other members SEK 500,000 with the exception of the President. It is further proposed that the Chairman of the Audit Committee is awarded SEK 250,000 and the other two members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

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

The Election Committee proposes fees based on invoices for the audit of the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President.

The Election Committee's proposal as regards Board members

The Election Committee proposes re-election of Peter Bijur, Jean-Baptiste Duzan, Leif Johansson, Anders Nyrén, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh and new election of Hanne de Mora. The Election Committee further proposes election of Louis Schweitzer as Chairman of the Board.

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

Louis Schweitzer

Born 1942. Bachelor of Laws.

Member of the Volvo Board since: 2001, Chairman since January 15, 2010, Chairman of the Remuneration Committee.

Board Chairman: AstraZeneca Plc. and Chairman of the Supervisory Board of Le Monde.

Board member: BNP-Paribas, L'Oréal and Véolia.

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

Principal work experience: Official at the French Budget Department; Chief of Staff of Mr Laurent Fabius (Minister of Budget, then Minister for Industry and Research, and Prime Minister), Chairman of the French High Authority against Discrimination and for Equality (HALDE) (since 2005); numerous positions with Renault S.A. (Chief Financial Officer and Executive Vice President Finance and Planning, Chief Operating Officer, Chairman and Chief Executive Officer).

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Louis Schweitzer is independent of the company and the company management. Louis Schweitzer represents Renault s.a.s. on the company's Board. Since Renault s.a.s. controls more than 10% of the shares and votes in Volvo, he may not in the Election Committee's opinion be considered as independent of one of the company's major shareholders.

Peter Bijur

Born 1942. MBA Marketing, BA Political Science.

Member of the Volvo Board since: 2006, member of the Audit Committee.

Board member: Gulfmark Offshore Inc.

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

Principal work experience: Numerous positions with Texaco Inc, retired as Chairman and Chief Executive Officer in 2001.

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

Jean-Baptiste Duzan

Born 1946. Graduate at the Ecole Polytechnique.

Advisor to the Chief Executive Officer, Renault S.A.

Member of the Volvo Board since: 2009, member of the Audit Committee.

Board Member: Renault Crédit International and Nissan Motor Co. Ltd.

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

Principal work experience: Began his career at Citibank. Has held various positions within Renault since 1982 - director of financial services at Renault V.I.; director of financial operations; project director for the car model Safrane; Senior Vice President, Purchasing; and joined the Renault Management Committee. He was also named Chairman and Managing Director, Renault Nissan Purchasing Organization.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Jean-Baptiste Duzan is independent of the company and the company management. Jean-Baptiste Duzan is Advisor to the Chief Executive Officer, Renault S.A., and represents Renault s.a.s. on the company's Board. Since Renault s.a.s. controls more than 10% of the shares and votes in Volvo, he may not in the Election Committee's opinion be considered as independent of one of the company's major shareholders.

Leif Johansson

Born 1951. M Sc Engineering.

President of AB Volvo and Chief Executive Officer of the Volvo Group since 1997.

Member of the Volvo Board since: 1997.

Chairman: ERT (European Round Table of Industrialists).

Board member: Bristol-Myers Squibb Company, Svenska Cellulosa Aktiebolaget SCA and The Confederation of Swedish Enterprise. Member of the Royal Swedish Academy of Engineering Sciences.

Holdings in Volvo, own and related parties: 540,810 shares, including 349,023 Series B shares.

Principal work experience: Project consultant Indevo; Assistant to President Centro Maskin Morgårdshammar; President Husqvarna Motorcyklar; Division Manager Office Machines Facit Sweden; President Facit; Division Manager AB Electrolux Major Appliances; Division President AB Electrolux Major Appliances; Executive Vice President AB Electrolux; President AB Electrolux; CEO Electrolux Group.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence and that Leif Johansson is Volvo's CEO, the Election Committee considers Leif Johansson independent of the company's major shareholders but not of the company and company management.

Anders Nyrén

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

President and Chief Executive Officer of AB Industrivärden.

Member of the Volvo Board since: 2009, member of the Remuneration Committee.

Board Chairman: Association of Exchange-Listed Companies and Association for Generally Accepted Principles in the Securities Market in Sweden.

Vice Chairman: Sandvik AB and Svenska Handelsbanken.

Board Member: AB Industrivärden, Ernströmgruppen, SSAB Svenskt Stål AB, Svenska Cellulosa Aktiebolaget SCA, Telefonaktiebolaget LM Ericsson and SSE Association.

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

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

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

Ravi Venkatesan

Born 1963. MBA and M Sc Industrial Engineering.

Chairman of Microsoft India and responsible for Microsoft's marketing, operational and business development efforts in India.

Member of the Volvo Board since: 2008.

Board Chairman: Junior Achievement India, Non profit organisation.

Board member: Non Profit Advisory Board Harvard Business School and Advisory Board Indian Institute of Technology.

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

Principal work experience: Several leading positions within the American engine manufacturer Cummins.

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

Lars Westerberg

Born 1948. M Sc Engineering, Bachelor Business Administration.

Member of the Volvo Board since: 2007, Chairman of the Audit Committee.

Board Chairman: Autoliv Inc., Husqvarna AB and Vattenfall AB.

Board member: SSAB Svenskt Stål AB.

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

Principal work experience: President and CEO of Gränges AB, ESAB AB and Autoliv Inc.

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

Ying Yeh

Born 1948. BA, Literature & International Relations.

Vice President and Chairman of Nalco Company, Greater China Region.

Member of the Volvo Board since: 2006, member of the Remuneration Committee.

Holdings in Volvo, own and related parties: None.

Principal work experience: Journalist NBC, New York. Numerous positions with the U.S. Government Foreign Service in Burma, Hong Kong, Taiwan and Beijing. Various positions with Eastman Kodak in China, most recently as President and Chairman, North Asia Region.

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

Hanne de Mora

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

One of the founders of a-connect (group) ag.

Board Chairman: a-connect (group) ag.

Board Member: Sandvik AB.

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

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

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

Statement explaining the proposals regarding the Board of Directors

Based on information provided to the Election Committee regarding evaluation of the current Board of Directors and its work the Election Committee considers that the Board collectively has diversity and the breadth of qualifications, experience and background required by the Company's operations and that the Board of Directors is well functioning. The Election Committee has, however, come to the conclusion that one new Board member should be considered and proposes Hanne de Mora who has a broad and valuable experience and competence. In the Election Committee's opinion the Board as proposed by the Election Committee possesses broad, valuable and relevant qualifications and experiences in view of the Volvo Group's operations, strategies and future challenges.

The Election Committee's proposal as regards Auditors

The Election Committee proposes that the registered accounting firm, PricewaterhouseCoopers AB ("PwC"), is elected as auditor for a period of four years - until the close of the Annual General Meeting which is held during the fourth financial year after the election of the auditor.

Statement explaining the proposal regarding the Auditors

PwC is a large well-reputed registered accounting firm and the company's current auditor. The Election Committee is of the opinion that PwC is competent and that PwC satisfactorily has carried out its current assignment. In addition, PwC is considered to be competitive. Based on these facts, the Election Committee has decided to propose that PwC is re-elected as auditor for a period of four years.

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

The Election Committee proposes that the Annual General Meeting elects the following persons to serve as members of the Election Committee and resolves that no fees shall be paid to the members of the Election Committee, all in accordance with the instruction for the Election Committee.

The Chairman of the Board of Directors

Thierry Moulouguet, representing Renault s.a.s.

Carl-Olof By, representing AB Industrivärden

Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

Lars Förberg, representing Violet Partners LP

Presentation of the activities carried out by the Election Committee

At the 2009 Annual General Meeting of shareholders in AB Volvo, the following were appointed to the Election Committee.

Finn Johnsson, Chairman of the Board
Thierry Moulonguet, representing Renault s.a.s.
Carl-Olof By, representing AB Industrivärden
Lars Förberg, representing Violet Partners LP
Lars Öhrstedt, representing AFA Insurance

The Election Committee held its first meeting on April 28, 2009, at which Thierry Moulonguet was appointed Chairman and in accordance with the Instructions of the Election Committee it was decided to add two other members to the Election Committee. Following this decision, Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Pensionskassa, SHB Employee Fund and Oktogonen and Ingrid Bonde, representing AMF Pension, were appointed to the Election Committee.

On January 15, 2010, Finn Johnsson resigned as Chairman of the Board and Board member. Thereby, he also left the Election Committee.

The Election Committee has held in total seven meetings. These meetings have mainly been devoted to an evaluation of the performance of the current Board, discussions regarding the number of Board members, the need to undertake new recruitment, discussions relating to potential new Board members, discussions regarding the fees to be paid to the Board members, discussions relating to potential Auditors and discussions regarding the fees to be paid to the Auditors.

The evaluation of the current Board has included i.a. a report from the Board Chairman to the Election Committee on the Board's recurring self-evaluation process. In addition the Election Committee has also studied the work procedures for the Board's activities.

The Committee concluded that the current Board is well functioning and possesses broad and valuable experience and competence but that one new Board member should be considered.

The Election Committee has decided to propose the election of Hanne de Mora, possessing broad and valuable experience and competence.

The Board fees have not been raised for a couple of years and although the Election Committee acknowledges the importance of competitive board fees the Election Committee has decided to propose that the fees to be paid to the Board members shall remain the same as the fees decided at the Annual General Meeting of 2009.

At the Election Committee's meetings, the Committee also discussed and formulated proposals to the 2010 Annual General Meeting as regards the other Board members, including the Chairman, the Auditors, fees to the Auditors, the Chairman of the Annual General Meeting and the members of the Election Committee 2010/2011, who are proposed as set forth in the instruction for the Election Committee.

The Election Committee has further evaluated the instructions and the work of the Election Committee and has come to the conclusion that the instructions provide transparent and predictable rules as to the composition of the Election Committee and also provide a suitable and effective work procedure for the Election Committee. Therefore no changes of the instructions are proposed.

The costs incurred in the Election Committee's discharge of its assignment amount to SEK 41,990.21 whereof SEK 39,696.14 for travelling expenses and SEK 2,294.07 for teleconference services.

March 2010

Election Committee for the 2010 Annual General Meeting of AB Volvo

Louis Schweitzer

Born 1942. Bachelor of Laws.

Member of the Volvo Board since: 2001, Chairman since January 15, 2010, Chairman of the Remuneration Committee.

Board Chairman: AstraZeneca Plc. and Chairman of the Supervisory Board of Le Monde.

Board member: BNP-Paribas, L'Oréal and Véolia.

Principal work experience: Official at French Budget Department; Chief of Staff of Mr Laurent Fabius (Minister of Budget, then Minister for Industry and Research, and Prime Minister), Chairman of the French High Authority against Discrimination and for Equality (HALDE) (since 2005); numerous positions with Renault S.A. (Chief Financial Officer and Executive Vice President Finance and Planning, Chief Operating Officer, Chairman and Chief Executive Officer).

Peter Bijur

Born 1942. MBA Marketing, BA Political Science.

Member of the Volvo Board since: 2006, member of the Audit Committee.

Board member: Gulfmark Offshore Inc.

Principal work experience: Numerous positions with Texaco Inc, retired as Chairman and Chief Executive Officer in 2001.

Jean-Baptiste Duzan

Born 1946. Graduate at the Ecole Polytechnique.

Advisor to the Chief Executive Officer, Renault S.A.

Member of the Volvo Board since: 2009, member of the Audit Committee.

Board Member: Renault Crédit International and Nissan Motor Co. Ltd.

Principal work experience: Began his career at Citibank. Has held various positions within Renault since 1982 - director of financial services at Renault V.I.; director of financial operations; project director for the car model Safrane; Senior Vice President, Purchasing; and joined the Renault Management Committee. He was also named Chairman and Managing Director, Renault Nissan Purchasing Organization.

Leif Johansson

Born 1951. M Sc Engineering.

President of AB Volvo and Chief Executive Officer of the Volvo Group since 1997.

Member of the Volvo Board since: 1997.

Chairman: ERT (European Round Table of Industrialists).

Board member: Bristol-Myers Squibb Company, Svenska Cellulosa Aktiebolaget SCA and The Confederation of Swedish Enterprise. Member of the Royal Swedish Academy of Engineering Sciences.

Principal work experience: Project consultant Indevo; Assistant to President Centro Maskin Morgårdshammar; President Husqvarna Motorcyklar; Division Manager Office Machines Facit Sweden; President Facit; Division Manager AB Electrolux Major Appliances; Division President AB Electrolux Major Appliances; Executive Vice President AB Electrolux; President AB Electrolux; CEO Electrolux Group.

Anders Nyrén

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

President and Chief Executive Officer of AB Industrivärden.

Member of the Volvo Board since: 2009, member of the Remuneration Committee.

Board Chairman: Association of Exchange-Listed Companies and Association for Generally Accepted Principles in the Securities Market in Sweden.

Vice Chairman: Sandvik AB and Svenska Handelsbanken.

Board Member: AB Industrivärden, Ernströmgruppen, SSAB Svenskt Stål AB, Svenska Cellulosa Aktiebolaget SCA, Telefonaktiebolaget LM Ericsson and SSE Association.

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

Ravi Venkatesan

Born 1963. MBA and M Sc Industrial Engineering.

Chairman of Microsoft India and responsible for Microsoft's marketing, operational and business development efforts in India.

Member of the Volvo Board since: 2008.

Board Chairman: Junior Achievement India, Non profit organisation.

Board member: Non Profit Advisory Board Harvard Business School and Advisory Board Indian Institute of Technology.

Principal work experience: Several leading positions within the American engine manufacturer Cummins.

Lars Westerberg

Born 1948. M Sc Engineering, Bachelor Business Administration.

Member of the Volvo Board since: 2007, Chairman of the Audit Committee.

Board Chairman: Autoliv Inc., Husqvarna AB and Vattenfall AB.

Board member: SSAB Svenskt Stål AB.

Principal work experience: President and CEO of Gränges AB, ESAB AB and Autoliv Inc.

Ying Yeh

Born 1948. BA, Literature & International Relations.

Vice President and Chairman of Nalco Company, Greater China Region.

Member of the Volvo Board since: 2006, member of the Remuneration Committee.

Principal work experience: Journalist NBC, New York. Numerous positions with the U.S. Government Foreign Service in Burma, Hong Kong, Taiwan and Beijing. Various positions with Eastman Kodak in China, most recently as President and Chairman, North Asia Region.

Hanne de Mora

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

One of the founders of a-connect (group) ag.

Board Chairman: a-connect (group) ag.

Board Member: Sandvik AB.

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

POLICY ON REMUNERATION TO SENIOR EXECUTIVES, proposed by the Board of Directors of AB Volvo to be adopted by the Annual General Meeting 2010. (Point 18 on the proposed agenda)

This Policy concerns the remuneration and other terms of employment for the Group Executive Committee of the Volvo Group. The members of the Group Executive Committee, including the President and any possible Executive Vice President, are in the following referred to as the "Executives".

This Policy will be valid for employment agreements entered into after the approval of the Policy by the Annual General Meeting and for changes made to existing employment agreements thereafter.

1 Guiding principles for remuneration and other terms of employment

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Volvo Group can attract and retain competent Executives.

The annual report 2009 sets out details on the total remuneration and benefits awarded to the Executives during 2009.

2 The principles for fixed salaries

The Executive's fixed salary shall be competitive and based on the individual Executive's responsibilities and performance.

3 The principal terms of variable salary and incentive schemes, including the relation between fixed and variable components of the remuneration and the linkage between performance and remuneration

The Executives may receive variable salaries in addition to fixed salaries. The variable salary may, as regards the President, amount to a maximum of 65% of the fixed annual salary and, as regards the other Executives, a maximum of 50% of the fixed annual salary.

The variable salary may be based on i.a. the performance of the entire Volvo Group or the performance of the Business Area or Business Unit where the Executive is employed. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board and may relate to i.a. operating income or cash flow.

The Board shall before each Annual General Meeting evaluate whether a share or share-price related incentive program shall be proposed to the Annual General Meeting or not. The Annual General Meeting decides upon such programs. The Board of Directors has decided not to propose to the Annual

General Meeting 2010 to resolve on any share or share-based incentive program relating to the financial year 2010.

The Executives are also participating in Volvo's Profit Sharing Program (VPS), which applies to the majority of the Volvo Group's employees and which can give a maximum individual result of SEK 8,500 per year, provided AB Volvo's return on equity (ROE) amounts to 20% or more. Results under VPS are principally placed in Volvo shares and they can be disposed of on the individual level after three years, at the earliest.

4 The principal terms of non-monetary benefits, pension, notice of termination and severance pay

4.1 Non-monetary benefits

The Executives will be entitled to customary non-monetary benefits such as company cars and company health care. In addition thereto in individual cases company housing and other benefits may also be offered.

4.2 Pension

In addition to pension benefits which the Executives are entitled to according to law and collective bargaining agreements, Executives resident in Sweden may be offered defined-contribution plans with annual premiums amounting to SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts. In the defined-contribution plan, the pension earned will correspond to the sum of paid-in premiums and possible return without any guaranteed level of pension received by the employee. In the defined-contribution plan, no definite retirement date is set.

Some of the Executives have earlier been entitled to defined-benefit pension plans, but the majority of the Executives have re-negotiated these to the new system of defined-contribution plans. In connection therewith, agreements have in some cases been reached on individual adjusting premiums in accordance with actuarial calculations.

Previous pension agreements for certain Executives stipulated that early retirement could be obtained from the age of 60. Such agreements are no longer signed and the majority of the Executives that earlier were entitled to such defined-benefits pension plans have agreed to exchange these for defined-contribution plans without any defined point of time for retirement. The premium amounts to 10% of the pensionable salary plus individual adjusting premiums based on actuarial calculations in some cases.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered pension benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans.

4.3 Notice of termination and severance pay

For Executives resident in Sweden, the termination period from the Company will be 12 months and 6 months from the Executive. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to 12 months severance pay.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in Sweden.

5. The Board's preparation and decision-making on issues concerning remuneration and other terms of employment for the Group Executive Committee

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

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

The Remuneration Committee is further responsible for the review and recommendation to the Board of share and share-price related incentive programs to be decided upon by the Annual General Meeting.

6. Deviations from this Policy

The Board of Directors may deviate from this Policy, except as regards section 3, third paragraph, if there are specific reasons to do so in an individual case.

7. Information on earlier decisions on remuneration that has not become due for payment at the time of the Annual General Meeting's consideration of this Policy

The decisions already taken on remuneration to the Executives that has not become due for payment at the time of the Annual General Meeting 2010 fall within the frames of this policy, except that some of the Executives have a right to receive 24 months severance pay provided they are above 50 years of age.
