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### ***Continued focus on costs***

The Volvo Group will continue to focus on customers, while simultaneously continuing the efforts to reduce costs in all parts of the group. There will also be work to achieve a proper increase in productivity, when the volumes gradually return to more normal levels.

The strategy for 2010-2012 focuses less on acquisitions and mainly on organic growth, since the Volvo Group has attained critical volume in most markets and in most product segments. Development resources will be devoted to the design of cost-effective products based on common architecture and shared technology. A particular aim will be to achieve significantly improved internal efficiency and productivity in all parts of the Volvo Group in order to improve profitability.

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

The industrial operations investments in fixed assets including capitalised development costs during 2009 amounted to SEK 10.3 billion (12.6).

#### *Investments in 2009 (2008 in parenthesis)*

<i>Segment</i>	<i>Investment (BSEK)</i>	<i>Type</i>
Trucks	7.4 (8.3)	Cab, engine and gearbox plants in Europe. Product-related investments during the year mainly refer to Euro V and EPA 2010 emission standards as well as other renewals in the product program.
Construction Equipment	1.0 (2.0)	Axle and transmission production in Sweden. Expansion of the Lingong excavator factory in China and the Shippensburg, U.S. plant for production of motor graders. Product-related investments refer mainly to the new emission regulations Tier4i.
Buses	0.4 (0.2)	A new production facility for Nova Bus in Plattsburgh, USA. Product-related investments related mainly to the emission standards according to Euro V.
Volvo Penta	0.3 (0.4)	Product-related investments in the new D3 engine and IPS2, a new logistics system and tooling and other development activities.
Volvo Aero	0.6 (0.9)	The new engine programs, PW1000G and Trent XWB, in cooperation with Pratt & Whitney and Rolls-Royce and the finalisation of a number of investments in Volvo Aero's production facilities in order to secure the capacity required for the GENx engine program.

For 2010 investments in property, plant and equipment are forecasted to be about SEK 6 billion, which is lower than 2009. The Volvo Group continuously reviews and prioritises among the ongoing and future investments within the organisation to secure adaptations of the investments to current market conditions.

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

In 2009, research and development expenses amounted to SEK 13,193 million (14,348). The continued high expenses are primarily a consequence of projects ahead of new emission regulations in Europe, USA and Japan in 2009, 2010 and 2011.

### ***Trend information***

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.

An increase in demand could potentially result in delivery disturbances due to suppliers' financial instability or shortage of resources.

The reported amounts for contingent liabilities reflect a part of the Volvo Group's risk exposure. Total contingent liabilities at 30th September, 2010, amounted to SEK 11.0 billion, a decrease of SEK 0.3 billion compared to 30th June, 2010. Included in the total is a contingent liability of SEK 0.5 billion pertaining to a claim on Volvo Powertrain to pay penalties following a demand by the US Environmental Protection Agency ("EPA"). The demand is a consequence of dissenting opinions on whether an agreement between EPA and Volvo Powertrain regarding lower emitting engines also should include engines sold by Volvo Penta.

Members of the U.S. trade union, the United Auto Workers ("UAW"), have approved a new 40-month Master Agreement with the Volvo Group's subsidiary Mack Trucks. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to retired employees. The trust must be approved by the U.S. District Court for the Eastern District of Pennsylvania, which is now expected in the fourth quarter 2010. The Volvo Group will fund the trust with U.S.\$525 million, payable over 5 years. The funding obligation is reported as a financial liability and amortisations will be reported as cash flow from financing activities.

Nissan Diesel Thailand Co. Limited on 30th November, 2009 filed a claim at the Pathumthani Provincial Court of First Instance, Thailand, against AB Volvo and three of its employees, claiming damages of approximately SEK 2.3 billion. AB Volvo considers that the claim is of no merit. Further information is available in note 29 to the consolidated financial statements, included in the 2009 Annual Report for the Volvo Group.

Volvo Trucks' and Renault Trucks' UK subsidiaries have, together with a number of other international truck companies, become the subject of an investigation initiated by the OFT (Office of Fair Trading), the British competition authority. Volvo Trucks' and Renault Trucks' British subsidiaries have received letters from the OFT as part of the investigation and will cooperate fully with the OFT during the course of the investigation.

The Volvo Group 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.

## **Recent Developments – Significant Events**

### ***Volvo received order for 12 hybrid buses to Norway***

On 8th January, 2010 it was announced that the operator company Nettbuss had ordered 12 hybrid buses from Volvo Buses for service in Norway thereby becoming the first company in the Nordic region to implement the hybrid technology commercially. Hybrid buses reduce fuel consumption by as much as 30 per cent.

### ***Louis Schweitzer new Chairman of AB Volvo***

On 15th January, 2010 it was announced that Louis Schweitzer, following a request from the Board of Directors, had agreed to take over as the Chairman of AB Volvo's Board for the period until the next Annual General Meeting. This change took place as Finn Johnsson had informed the Board of his resignation as Chairman.

### ***Devaluation in Venezuela***

In January, 2010, an extensive devaluation was made in Venezuela. The Volvo Group has assets in Venezuela and therefore exchange rate losses of approximately SEK 130 million have affected the group results during the first quarter of 2010 as a consequence of the devaluation.

### ***Annual General Meeting***

The Annual General Meeting of AB Volvo held on 14th April, 2010 approved the proposal from the Board of Directors and the President not to pay a dividend to the shareholders and that all of the funds at the disposal of the Annual General Meeting would be carried forward to the following year. Peter Bijur, Jean-Baptiste Duzan, Leif Johansson, Anders Nyrén, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh were reelected as members of the Board of AB Volvo, and Hanne de Mora was newly elected. Louis Schweitzer was elected Chairman of the Board.

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 and the Chairman of the Board, were elected members of the Election Committee. The registered public accounting firm PricewaterhouseCoopers was elected as the Parent's auditor for a period of four years.

### ***New trucks launched***

On 20th April, 2010 UD Trucks presented a new range of Quon heavy-duty trucks. The latest Quon lineup has been developed to meet high levels of demand for both fuel economy and driving performance. It features newly developed engines and automated manual transmissions based on Volvo Group architecture. UD Trucks has also added a new model equipped with a new medium-duty engine to its Condor truck lineup. On 19th April, 2010 Volvo Trucks launched its new Volvo FMX construction truck at the Bauma international machinery trade fair in Munich, Germany. With the new truck, Volvo Trucks aims to increase its presence in the construction segment. Sales of the new Volvo FMX started in Europe in September, 2010.

### ***Investment in Indian facility for production of excavators***

As part of Volvo Construction Equipment's ("Volvo CE") objective of supporting customers in the growing BRIC (Brazil, Russia, India and China) markets, Volvo CE has announced a strategic investment in its existing facility in Bangalore, India. The investment, which totals around SEK 144 million, will allow Volvo CE to produce medium sized excavators at the plant. These machines will primarily be models for use on the Indian market. Production of the first machines is expected to start by the end of 2011.

### ***Production of new medium-duty engine in India***

Volvo Group's Indian joint venture company, VE Commercial Vehicles ("VECV") is to invest a total of SEK 480 million in the production of the group's new global medium-duty engine in India. The investment gives the Volvo Group a complete facility in India for machining and assembling the new medium-duty engine, which will be introduced in the Group's trucks and buses worldwide in the next few years. Through this investment, it will be possible for the Volvo Group to locate most of its production of medium-duty engines to VECV's plant in Pithampur, India.

### ***Volvo Aero to sell its US service business***

In July 2010 it was announced that Volvo Aero had signed an agreement to sell its US subsidiary Volvo Aero Services. The sale had a negative impact of SEK 223 million on the Volvo Group's operating income during the second quarter. The sale is among other things contingent on customary approvals being obtained and completion took place in the third quarter of 2010, at which point it is forecast to have a positive effect of about SEK 400 million on the Volvo Group's net financial debt. The sale of Volvo Aero Services is due to Volvo Aero's strategy of focusing on its core operations of developing and manufacturing components for aircraft engines, combined with the goal of reducing the company's tied-up capital.

### ***UD Trucks and Nissan Motor end collaboration on contract manufacturing of light-duty truck***

The collaboration between Volvo Group's Japanese subsidiary UD Trucks and Nissan Motor on the contract manufacturing of light-duty trucks will expire and the production will end in January 2011. The

decision enables UD Trucks to focus more on medium and heavy-duty trucks. UD Trucks will continue to have its own manufacturing operation for light-duty trucks for the export market. During 2009, UD Trucks produced 6,150 light-duty trucks within the collaboration framework and until August 2010, 4,800 vehicles had been produced and sold to Nissan Motor. The end of contract manufacturing for Nissan Motor will not result in any restructuring costs or have any significant impact on the Volvo Group's earnings or financial position.

### ***Further recent developments***

The unaudited interim report of the Parent and the Volvo Group, for the nine month period ended 30th September, 2010, which is incorporated by reference as set out at page 17 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 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 as well as controlling and evaluating the Volvo Group's operations. 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.

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

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

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

Between 1st January, 2009 and 31st December, 2009 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 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 proposal for fees to be paid to the auditors based on the preparations carried out by the Audit Committee.

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 notice to attend the Annual General Meeting is published, the Election Committee shall, among other things, comment on whether those persons who are proposed to be elected as Board members 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. At the Annual General Meeting of the Parent in 2007, new instructions for the Election Committee were adopted. According to these 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 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 14th April, 2010, the Chairman of the Board of the Parent, Thierry Moulonguet, 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, and Lars Förberg, representing Violet Partners LP, were appointed as members of the Election Committee. Later during 2010 AMF Pension, upon an offer, appointed Ingrid Bonde as a member of the Election Committee. The Election Committee has appointed Thierry Moulonguet as Chairman of the Election Committee.

### ***The Board***

The Board of Directors of the Parent consists of nine 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. Louis Schweitzer is the Chairman of the Board of the Parent. The CEO of the Volvo Group, Leif Johansson, 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 14th April, 2010 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 1,500,000 and each of the remaining members should receive a fee of SEK 500,000, with the exception of the President. In addition, the Chairman of Audit Committee should receive SEK 250,000 and the other two members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

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

### ***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. 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 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, adequacy and effectiveness of the Volvo Group's system for internal control over financial reporting, internal audit and risk management.

At the statutory Board meeting following the 2010 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 Committee, 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 decides the individual terms of employment for the other members of the Volvo Group Executive Committee in accordance with the principles established by the Board of the Parent.

The Remuneration Committee shall also monitor and evaluate (i) programs for variable remuneration for the President of the Parent and the other members of Volvo Group Executive Committee, (ii) the application of the remuneration policy for the President of the Parent and the other members of the Volvo Group Executive Committee, established by the Annual General Meeting of the Parent, and (iii) the current remuneration structures and levels in the Parent.

At the statutory Board meeting following the 2010 Annual General Meeting of the Parent, Louis Schweitzer, Anders Nyrén and Ying Yeh were appointed members of the Remuneration Committee. Louis Schweitzer was appointed Chairman of the Remuneration Committee.

### ***Disclosure Committee***

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

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

## *The Board*

The Board of the Parent consists of the following members:

Louis Schweitzer	Chairman of the Board. Member of the Board (since 2001). Chairman of the Remuneration Committee. Bachelor of Laws. Board Chairman: AstraZeneca Plc. Chairman of the Supervisory Board of Le Monde. Board member: BNP-Paribas, L'Oréal and Véolia.
Peter Bijur	Member of the Board (since 2006). Member of the Audit Committee. MBA Marketing, BA Political Science. Board member: Gulfmark Offshore Inc.
Jean-Baptiste Duzan	Member of the Board (since 2009). Member of the Audit Committee. Graduate of the Ecole Polytechnique. Advisor to the CEO, Renault S.A. Board member: Renault Crédit International and Nissan Motor Co.
Leif Johansson	Member of the Board (since 1997). M Sc Engineering. President of the Parent and CEO of the Volvo Group 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.
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.
Anders Nyren	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 Industrivärden. 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.
Ravi Venkatesan	Member of the Board (since 2008). MBA and M Sc Industrial Engineering. Chairman of Microsoft India and responsible for Microsoft's marketing, operational and business development efforts in India. Board Chairman: Junior Achievement India, Non Profit Organisation. Board member: Non Profit Advisory Board Harvard Business School. Advisory Board Indian Institute of Technology.
Lars Westerberg	Member of the Board (since 2007). Chairman of the Audit Committee. M Sc Engineering, Bachelor Business Administration. Board Chairman: Autoliv Inc., Husqvarna AB and Vattenfall AB. Board member: SSAB Svenskt Stål AB.
Ying Yeh	Member of the Board (since 2006). Member of the Remuneration Committee. BA Literature & International Relations. Vice President and Chairman of Nalco Company, Greater China Region.
Martin Linder	Member of the Board (since 2004). 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.
Peteris Lauberts	Deputy member of the Board (since 2010). Employee Representative.



### *Secretary to the Board*

Eva Persson Secretary to the Board (since 1997). Master of Laws. Vice President of the Parent and General Counsel of the Volvo Group.

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

### *The Volvo Group Executive Committee*

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

Leif Johansson	President of the Parent and CEO of the Volvo Group (since 1997). President and CEO of Electrolux Group (1994-1997), President of AB Electrolux (1991-1997), President of Facit AB (1982-1983), President of Husqvarna Motorcyklar AB (1979-1981). Member of the Board of the Parent (since 1997).
Mikael Bratt	Senior Vice President of the Parent and CFO of the Volvo Group (since 2008). Responsible for finance, strategy and business development. Has held various senior positions in the financial areas in the Volvo Group, most recently as Vice President & Head of Corporate Finance at the Parent. Member of the Volvo Group Executive Committee (since 2008).
Pär Östberg	Senior Vice President of the Parent (since 2005) and President Trucks Asia. Has held various senior positions in the financial areas in the Volvo Group since 1990, most recently as CFO of the Volvo Group (2005-2008), prior to that as Senior Vice President and CFO of Renault Trucks (2004-2005). Member of the Volvo Group Executive Committee (since 2005).
Eva Persson	Senior Vice President of the Parent and General Counsel of the Volvo Group (since 1997). Responsible for legal, compliance, tax and security matters. Member of the Volvo Group Executive Committee (since 1997).
Stefan Johnsson	Senior Vice President of the Parent (since 1998). Responsible for business units, human resources and coordination of the Volvo Group's soft products business. Senior Vice President and CFO of the Volvo Group (1998-2005). President of Volvo Group Finance Sweden (1994-1998). Member of the Volvo Group Executive Committee (since 1998).
Per Löjdquist	Senior Vice President of the Parent. Responsible for corporate communications and brand management. Member of the Volvo Group Executive Committee (since 1997).
Jan-Eric Sundgren	Senior Vice President of the Parent. Responsible for public and environmental affairs. Member of the Volvo Group Executive Committee (since 2006).
Peter Karlsten	President of Volvo Powertrain (since 2007). Senior Vice President Technology for the Volvo Group (since 2007). Head of Volvo Trucks in Brazil (2001-2003), Head of Volvo's North American truck operations (2003-2007). Member of the Volvo Group Executive Committee (since 2007).
Staffan Jufors	President of Volvo Trucks (since 2004). President of Volvo Penta (1998-2004). Member of the Volvo Group Executive Committee (since 1998).
Stefano Chmielewski	President of Renault Trucks (since 2003). Member of the Volvo Group Executive Committee (since 2003).

Dennis Slagle	President and CEO of North American Trucks (since 2009). President and CEO of Mack Trucks Inc. (since 2008). President and CEO of Volvo Construction Equipment North America (2003-2008). Previously President of L.B. Smith Inc. Member of the Volvo Group Executive Committee (since 2008).
Satoru Takeuchi	President of UD Trucks (since 2007). Member of the Volvo Group Executive Committee (since 2007).
Håkan Karlsson	President of Volvo Buses (since 2003). President of Volvo Logistics (2000-2003). Member of the Volvo Group Executive Committee (since 2003).
Göran Gummeson	President of Volvo Penta (since 2004). Has held various positions at Volvo Penta (since 1991), head of Volvo Penta's European operations (1998-2004). Member of the Volvo Group Executive Committee (since 2004).
Olof Persson	President of Volvo Construction Equipment (since 2008). President of Volvo Aero (2006-2008). Member of the Volvo Group Executive Committee (since 2006).
Staffan Zackrisson	President of Volvo Aero (since 2008). Has held various positions at Volvo Aero (1979-87 and since 1989). With Uddevalla Invest AB (1987-89). Member of the Volvo Group Executive Committee (since 2008).
Martin Weissburg	President of Volvo Financial Services (since 2010). President of Volvo Financial Services North America (2005-2010). Member of the Volvo Group Executive Committee (since 2010).

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

As at 30th September, 2010, the cumulative shareholdings of the Board members of the Parent and the members of the Volvo Executive Committee corresponded to less than 1 per cent. of the votes and shares in the Parent.

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

Conflicts of interest may occasionally occur between duties of a member of the Board of 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.

### Major Shareholders

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

On 30th September, 2010, Renault was known to the Parent to be the holder of shares representing 21.3 per cent. of the votes and 21.8 per cent. of the share capital of the Parent, based on the number of outstanding shares.<sup>1</sup>

On 30th September, 2010, Industrivärden held shares representing 10.8 per cent. of the votes and 4.2 per cent. of the share capital of the Parent, based on the number of outstanding shares.

<sup>1</sup>As of 6th and 7th of October, 2010 Renault sold all of its Series B shares in AB Volvo, a total of 302.9 million shares. Following the sale, Renault has 17.5 per cent. of the votes in AB Volvo and 6.8 per cent. of the capital, meaning that it remains the undisputed largest shareholder in terms of votes.

On 30th September, 2010, Violet Partners LP held shares representing 5.5 per cent. of the votes and 2.2 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2010, SHB (comprising shares held by SHB, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen) held shares representing 4.8 per cent. of the votes and 2.0 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2010, AMF Insurance & Funds held shares representing 3.9 per cent. of the votes and 2.5 per cent. of the share capital of the Parent, based on the number of outstanding shares.

As far as known to the Parent, it was not directly owned or controlled by another corporation or by any foreign government as of 30th September, 2010.

On 30th September, 2010, there were approximately 233,400 shareholders of the Parent's shares registered with the Swedish Securities Register Centre, VPC AB ("VPC").

#### **Auditors**

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

#### **Litigation**

Members of the U.S. trade union, the United Auto Workers ("UAW"), have approved a new 40-month Master Agreement with the Volvo Group's subsidiary Mack Trucks. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to retired employees. The trust must be approved by the U.S. District Court for the Eastern District of Pennsylvania, which is expected in the fourth quarter 2010. The Volvo Group will fund the trust with U.S.\$525 million, payable over 5 years. The funding obligation is reported as a financial liability and amortisations will be reported as cash flow from financing activities.

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 EPA's interpretation and is defending the case vigorously based on, among other grounds, that the Volvo Penta engines were not subject to the Consent Decree. The dispute was referred to a U.S. court. The amount requested by the EPA is included in contingent liabilities.

Nissan Diesel Thailand Co. Limited (the "Plaintiff") on 30th November, 2009 filed a claim at the Pathumthani Provincial Court of First Instance, Thailand, against AB Volvo and three of its employees (together the "Defendants"), claiming damages in the sum of Baht 10.5 billion (equivalent to approximately SEK 2.3 billion). The Plaintiff claims that the Defendants' actions caused UD Trucks Corporation ("UDT"), a wholly-owned subsidiary of the Parent, to unlawfully terminate two agreements dated 27th December, 2002 between UDT and the Plaintiff. The Plaintiff is one of UDT's private dealers. The Parent considers that the Plaintiff's claim is of no merit.

Volvo Trucks' and Renault Trucks' UK subsidiaries have, together with a number of other international truck companies, become the subject of an investigation initiated by the Office of Fair Trading ("OFT"), the British competition authority. Volvo Trucks' and Renault Trucks' British subsidiaries have received letters from

the OFT as part of the investigation and will cooperate fully with the OFT during the course of the investigation.

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 related to such proceedings are likely to entail any risk, in the aggregate, of having a material effect on the financial condition of the Volvo Group.

## SELECTED FINANCIAL INFORMATION OF THE ISSUER

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

<i>SEK million</i>	<i>For the years ended</i>	
	<i>2009</i>	<i>2008</i>
Net interest income	-506.1	-136.3
Gross income	-564.8	83.5
Operating income	-679.0	-26.7
Net income	-498.9	-10.0
Total comprehensive income for the year	-510.2	30.4

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

<i>SEK million</i>	<i>31 December</i>	<i>31 December</i>
	<i>2009</i>	<i>2008</i>
Non-current assets	32,078.7	49,045.1
Current assets	124,853.4	120,881.3
<b>Total Assets</b>	<b>156,932.1</b>	<b>169,926.4</b>
Shareholders' equity	14,274.4	4,219.1
Non-current liabilities	85,696.1	70,726.6
Current liabilities	56,961.6	94,980.7
<b>Total shareholders' equity and liabilities</b>	<b>156,932.1</b>	<b>169,926.4</b>

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

<i>SEK million</i>	<i>For the six months ended</i>	
	<i>30 June 2010</i>	<i>30 June 2009</i>
Net interest income	922.9	-822.4
Gross income	989.2	-855.8
Operating income	935.2	-910.5
Net income	865.9	-835.2
Total comprehensive income for the period	890.1	-838.5

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

<i>SEK million</i>	<i>30 June</i>	<i>30 June</i>
	<i>2010</i>	<i>2009</i>
<b>Total Assets</b>	<b>147,571.5</b>	<b>147,115.3</b>
Shareholders' equity	15,164.5	3,380.6
Non-current liabilities	78,746.4	87,295.3
Current liabilities	53,660.6	56,439.4
<b>Total shareholders' equity and liabilities</b>	<b>147,571.5</b>	<b>147,115.3</b>

## SELECTED FINANCIAL INFORMATION OF THE PARENT

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

<i>SEK million</i>	<i>For the years ended</i>	
	<i>2009</i>	<i>2008</i>
Net sales	218,361	304,642
Gross income	32,194	65,713
Operating income	-17,013	15,851
Income after financial items	-20,573	14,010
Income for the period	-14,685	10,016

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

<i>SEK million</i>	<i>As at</i>	
	<i>31 December 2009</i>	<i>31 December 2008</i>
Non-current assets	177,320	196,381
Current assets	154,945	176,038
<b>Total Assets</b>	<b>332,265</b>	<b>372,419</b>
Shareholders' equity	67,034	84,640
Non-current provisions	18,049	28,101
Non-current liabilities	115,114	93,538
Current provisions	9,487	10,883
Current liabilities	122,581	155,257
<b>Total shareholders' equity and liabilities</b>	<b>332,265</b>	<b>372,419</b>
Assets pledged	958	1,380
Contingent liabilities	9,607	9,427

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

<i>SEK million</i>	<i>For the nine months ended</i>	
	<i>30 September 2010</i>	<i>30 September 2009</i>
Net sales	191,351	158,563
Gross income	46,027	22,177
Operating income	12,482	-14,697
Income after financial items	11,020	-17,693
Income for the period	7,797	-12,700

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

<i>SEK million</i>	<i>30 September</i>	
	<i>2010</i>	<i>2009</i>
Non-current assets	166,173	177,320
Current assets	142,763	154,945
<b>Total Assets</b>	<b>308,936</b>	<b>332,265</b>
Shareholders' equity	70,329	67,034
Non-current provisions	17,893	18,049
Non-current liabilities	98,924	115,114
Current provisions	8,105	9,487
Current liabilities	113,685	122,581
<b>Total shareholders' equity and liabilities</b>	<b>308,936</b>	<b>332,265</b>
Contingent liabilities	10,952	9,607



## 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 summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The summary is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The summary 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 summary 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 summary is of a general nature and is included herein solely for information purposes. It is based on the laws in force in Luxembourg at the date of this Prospectus, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

### **Withholding Tax**

#### *(i) Non-resident holders of Notes*

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

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

#### *(ii) Resident holders of Notes*

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

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

### **EU Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC (the “Taxation of Savings Income Directive”) on the taxation of savings income, Member States, including Belgium from 1st January, 2010, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead

required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

## SUBSCRIPTION AND SALE

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

### United States

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

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

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

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

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

### Public Offer Selling Restriction under the Prospectus Directive

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

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in

another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which (and, in relation to Sweden, during each of the two previous financial years) has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

#### **United Kingdom**

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

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, in each case where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Parent; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or

sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## France

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

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

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

## Sweden

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

## General

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

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.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

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

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

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

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

### Documents Available

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

- (i) the constitutional documents in English of the Issuer and the Parent;
- (ii) the financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2008 and 31st December, 2009 and the consolidated financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2008 and 31st December, 2009 in each case together with the audit reports prepared in connection therewith;
- (iii) the most recent publicly available audited annual financial statements of the Issuer and the Parent, the most recent publicly available audited annual consolidated financial statements of the Issuer and the Parent, the most recently publicly available semi-annual unaudited interim financial statements of the Issuer and the most recent publicly available quarterly unaudited interim financial statements of the Parent, in each case in English and together with any audit or review reports prepared in connection therewith;
- (iv) the Programme Agreement, the Trust Deed (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons and information relating to the Guarantee), the Agency Agreement;
- (v) a copy of this Prospectus;
- (vi) any future prospectuses, offering circulars, information memoranda, supplements, documents incorporated by reference and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and



such holders must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to the identity of such holders) relating to the Programme; and

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

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

### **Significant or Material Change**

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

- (i) no significant change in the financial or trading position of the Issuer since 30th June, 2010;
- (ii) no significant change in the financial or trading position of the Parent or the Volvo Group since 30th September, 2010; and
- (iii) no material adverse change in the prospects of the Issuer, the Parent or the Volvo Group, in each case, since 31st December, 2009.

### **Litigation**

Except as described on pages 99 to 100 under "Litigation", neither the Issuer nor the Parent is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Parent are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Parent and/or the Volvo Group.

### **Auditors**

The auditors of the Parent and the Issuer are PricewaterhouseCoopers AB, who have audited the accounts of the Parent and the Issuer, without qualification, in accordance with generally accepted auditing principles in Sweden for the financial periods ended 31st December, 2008 and 31st December, 2009. PricewaterhouseCoopers AB is a member of FAR (the professional institute for authorised public accountants (*auktoriserade revisorer*), approved public accountants (*godkända revisorer*) and other highly qualified professionals in the accountancy sector in Sweden).

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

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

**Post-issuance information**

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

**Certificates and reports**

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

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