

reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale”) including the following restrictions applicable at the date of this Prospectus.

Notes having a maturity of less than one year

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

Under the Luxembourg Act dated 10th July, 2005 on prospectuses for securities, which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such Act and do not need to be approved by the CSSF.

Trustee:

Deutsche Trustee Company Limited

Issuing and Principal Paying Agent:

Citibank, N.A., London Branch

Programme Size:

Up to U.S.\$15,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Use of Proceeds:

General funding purposes, and such specific purposes as may be identified from time to time.

Currencies:

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

Maturities:

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

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

Issue Price:

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Fixed Rate Notes:

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

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

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

as indicated in the applicable Final Terms.

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

Interest Period(s) or Interest Payment Date(s) for Floating Rate Notes:

Such period(s) or date(s) as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Dual Currency Notes:

Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

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

Redemption:

The applicable Final Terms relating to each Tranche of Notes will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for

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

The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

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

Denomination of Notes:

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

Taxation:

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

Status of the Notes:

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

Guarantee:

The payment of the principal and interest in respect of all Notes will be unconditionally and irrevocably guaranteed by AB Volvo (publ), the Parent. The obligations of the Parent under such guarantee will be direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Parent and (subject as aforesaid) will at all times rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of

the Parent, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

Negative Pledge:

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

Cross Default:

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

Listing and Admission to Trading:

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

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

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

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

Governing Law:

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

RISK FACTORS

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

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

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

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

Volvo Treasury (as defined on page 84) is a unit within the Volvo Group (the "Volvo Group" is defined as the Parent and its subsidiaries). Volvo Treasury is acting as internal bank for the Volvo Group. Volvo Treasury is responsible for all interest-bearing assets and liabilities as well as all foreign exchange and funding operations within the Volvo Group. The Issuer is an entity within Volvo Treasury. The Issuer's operations are carried out according to centrally determined risk mandates and limits designed to minimise the currency, interest rate and liquidity risks to which the Volvo Group is exposed.

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

Factors that may affect the Parent's ability to fulfil its obligations under the Guarantee

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

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

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

Short-term risk factors

The Volvo Group works intensively with financial risks. The credit risks are continuously managed through active credit monitoring and there are regular controls that provisions are made on incurred losses for doubtful receivables in the customer finance portfolio as well as for other accounts receivables, in accordance with applicable accounting principles.

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

Uncertainty regarding customers' access to financing for products might have a negative impact on demand.

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.

The reported amounts for contingent liabilities reflect a part of the Volvo Group's risk exposure. Total contingent liabilities at 30th September, 2011, amounted to SEK 16.1 billion, an increase of SEK 5.1 billion compared to 31st December, 2010. A major part of the total contingent liabilities is related to credit guarantees issued as a result of the increased sales in emerging markets. 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 U.S. Environmental Protection Agency (the "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 was approved by the U.S. District Court for the Eastern District of Pennsylvania in September. The Volvo Group will fund the trust with U.S.\$525 million, a significant part of which is to be paid during the fourth quarter 2011. 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 ("NDT"), 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. NDT claimed that AB Volvo's actions had caused UD Trucks Corporation ("UDT"), a wholly-owned subsidiary of AB Volvo, to unlawfully terminate two agreements between UDT and NDT. In September 2011, a settlement was reached, finally settling the submitted claims. The settlement has an insignificant impact on the consolidated operating income and financial position of the Volvo Group.

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

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

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

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

In May 2011, Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. The Volvo Group will co-operate fully with the Commission during the course of the investigative work.

In August 2011, Volvo Penta became part of an investigation by the Swedish competition authority regarding a possible violation of antitrust rules.

Given the nature of these investigations, the Volvo Group cannot exclude that they may affect the Volvo Group's results and cash flow by an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be accounted for.

General risks

External-related risk

The commercial vehicles industry is cyclical

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

Intense competition

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

Prices may change

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

Extensive government regulation

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

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

Financial risk

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

The nature of the various financial risks and objectives and the policies for the management of these risks are described in detail in notes 36 and 37 in the Volvo Group Annual Report 2010 incorporated by reference in this Prospectus (see "Documents Incorporated by Reference" herein). Various aspects of financial risk are described briefly in the following paragraphs. The Volvo Group's accounting policies for financial instruments are described in note 1 in the Volvo Group Annual Report

2010. The overall impact on a company's competitiveness is also affected, however, by how various macro-economic factors interact.

Currency-related risk

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

Interest-related risk

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

Market risk from investments in shares or similar instruments

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

Credit-related risk

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

Liquidity risk

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

Operational risk

Profitability depends on successful new products

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

Reliance on suppliers

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

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

Intangible assets

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

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

restricted to the truck operations only and are regulated by a license from Renault s.a.s., which owns the Renault brand.

Complaints and legal actions

The Volvo Group could be the target of complaints and legal actions initiated by customers, employees and other third parties alleging health, environmental, safety or business related issues, or failure to comply with applicable legislation and regulations. Even if such disputes were to be resolved successfully, without having adverse financial consequences, they could negatively impact the Volvo Group's reputation and take up resources that could be used for other purposes.

Risk related to human capital

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

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

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable on redemption may be less than the nominal amount of such Notes or even zero which, for the avoidance of doubt, means that they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, potential investors should consult their financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Partly Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market

values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

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

Modification, waivers and substitution

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

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

EU Directive on the Taxation of Savings Income

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

countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

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

Change of law

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

Notes where denominations involve integral multiples: definitive Notes

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

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

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

(2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

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

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the audited annual consolidated and non-consolidated financial statements of the Issuer for each of the financial years ended 31st December, 2009 and 31st December, 2010, in each case together with the audit reports prepared in connection therewith, including the information set out at the following pages of the Issuer's 'Annual Report and Consolidated Financial Statements for the financial year 2009' and 'Annual Report and Consolidated Financial Statements for the financial year 2010', respectively:

	<i>2009</i>		<i>2010</i>	
	<i>Consolidated</i>	<i>Non-consolidated</i>	<i>Consolidated</i>	<i>Non-consolidated</i>
Income statements	4	10	4	9
Balance sheets	5	11	5	10
Cashflow statements	9	9	8	13
Notes to the financial statements	13-40	13-40	14-41	14-41
Audit report	42	42	43	43

(b) the audited annual consolidated and non-consolidated financial statements of the Parent for each of the financial years ended 31st December, 2009 and 31st December, 2010, in each case together with the audit reports prepared in connection therewith, including the information set out at the following pages of the 'Volvo Group Financial Report 2009' and 'Volvo Group Financial Report 2010', respectively:

	<i>2009</i>		<i>2010</i>	
	<i>Consolidated</i>	<i>Non-consolidated</i>	<i>Consolidated</i>	<i>Non-consolidated</i>
Significant events	20-22	–	24-25	–
Income statements	67	114	67	114
Balance sheets	68	115	68	115
Cashflow statements	70	117	70	117
Notes to the financial statements	71-113	118-124	71-113	118-125
Audit report	130	130	128	128

(c) the unaudited interim report of the Issuer for the six month period ended 30th June, 2011, including the consolidated financial information set out at the following pages:

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

(d) the unaudited interim report of the Parent and the Volvo Group for the nine month period ended 30th September, 2011, including the consolidated financial information and other information set out at the following pages:

Comments by the CEO	3-4
Business Segment Overview	10
Overview of Industrial Operations	11-16
Income statements	17-18
Balance sheets	19
Cashflow statements	20-21
Accounting Principles	27
Risk and uncertainties	28
Corporate acquisitions and divestments	29

Any other information not listed above, but contained in the documents incorporated by references is incorporated by reference for information purposes only.

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

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

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

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

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

Issuer:	Volvo Treasury AB (publ)
Guarantor:	AB Volvo (publ)
Description:	Euro Medium Term Note Programme
Arranger:	Merrill Lynch International
Dealers:	BNP Paribas Citigroup Global Markets Limited Danske Bank A/S Deutsche Bank AG, London Branch HSBC Bank plc J.P. Morgan Securities Ltd. Merrill Lynch International Nordea Bank Danmark A/S Skandinaviska Enskilda Banken AB (publ) Svenska Handelsbanken AB (publ) Swedbank AB (publ) The Royal Bank of Scotland plc
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale”) including the following restrictions applicable at the date of this Prospectus.
Notes having a maturity of less than one year:	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in any other currency, see “Subscription and Sale”. Under the Luxembourg Act dated 10th July, 2005 on prospectuses for securities, which implements the

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

Trustee:

Deutsche Trustee Company Limited

Issuing and Principal Paying Agent:

Citibank, N.A., London Branch

Programme Size:

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

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

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

Distribution:

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

Currencies:

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

Maturities:

Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final

Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

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

Issue Price:

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes:

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

A permanent global Note will be exchangeable, unless otherwise specified in the applicable Final Terms, for definitive Notes only upon the occurrence of an Exchange Event, as described in “Form of the Notes” below. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as appropriate.

Fixed Rate Notes:

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

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the

International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as indicated in the applicable Final Terms.

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

Interest Period(s) or Interest Payment Date(s) for Floating Rate Notes:

Such period(s) or date(s) as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Dual Currency Notes:

Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

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

Redemption:

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

price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

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

Denomination of Notes:

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

Redenomination:

If the Specified Currency of an issue of Notes is a currency of one of the member states of the European Union which at the time of such issue has not adopted the euro as its currency, the Issuer may specify in the applicable Final Terms that such Notes will include a redenomination clause providing for the redenomination of the Specified Currency in euro, and, if so specified, the wording of the redenomination clause will be set out in full in the applicable Final Terms.

Taxation:

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

Status of the Notes:

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

Guarantee:

The payment of the principal and interest in respect of all Notes will be unconditionally and irrevocably guaranteed by AB Volvo (publ), the Parent. The obligations of the Parent under such guarantee will be direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Parent and (subject as

aforesaid) will at all times rank pari passu with all other outstanding unsecured and unsubordinated obligations of the Parent, present and future, (other than obligations which are preferred by mandatory provisions of law) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

Negative Pledge:

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

Cross Default:

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

Listing and Admission to Trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, and to be listed on the Official List of the Luxembourg Stock Exchange. This Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of 12 months from the date of publication of this Prospectus.

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

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

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

Governing Law:

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

Selling Restrictions:

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

United States Selling Restrictions:

Regulation S, Category 2. TEFRA D.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and be initially represented by a temporary global Note, without receipts, interest coupons or talons, which will (i) if the global Notes are intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a Common Depository for Euroclear and Clearstream, Luxembourg. Whilst any Note is represented by a temporary global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary global Note if the temporary global Note is not intended to be issued in NGN form) only to the extent that appropriate certification (in a form to be provided) has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Such certification shall be to the effect that the beneficial owners of interests in such Note are not United States persons or persons who have purchased for resale to any United States person, as defined in the internal revenue code of the United States, as required by U. S. Treasury regulations.

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

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

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

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

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

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Notes:

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

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

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

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

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

FORMS OF FINAL TERMS

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

[Date]

VOLVO TREASURY AB (publ)

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

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in paragraph 34 of Part A below, provided such person is one of the persons mentioned in paragraph 34 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

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

The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.¹

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.²

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated [date] [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) as amended (which includes the amendments made by Directive 2010/73/EU (the “2010 PD Amending Directive”) to the extent that such amendments have

¹Consider including this legend where a non-exempt offer of Notes is anticipated.

²Consider including this legend where only an exempt offer of Notes is anticipated.

been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the Supplement dated [date]] [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg. The Prospectus [the Supplement dated [date]] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms, will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated [original date] [and the Supplement to the Prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) as amended (which includes the amendments made by Directive 2010/73/EU (the “2010 PD Amending Directive”) to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Prospectus dated [current date] [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the Supplement to the Prospectus dated [date]] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [current date] and [original date] [and the Supplement to the Prospectus dated [date]]. Copies of such Prospectuses [and the Supplement] are available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg. Such Prospectuses[, the Supplement dated [date]] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: Volvo Treasury AB (publ)
- (ii) Guarantor: AB Volvo (publ)
2. (i) Series Number: []
- (ii) Tranche Number: []
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]

6. (i) Specified Denominations: []
(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required.)
(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)
- (ii) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination.
If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: []
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate – specify date/
Floating rate – Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Method of distribution: [Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi annually/quarterly/other (*specify*)] in arrear]
(If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[*specify other*]
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [*specify other*]]
- (vi) Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
(N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration)
(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ [*specify other*]]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []

- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
- (xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: [Conditions 7(e)(iii) and 7(j) apply/specify other]

(Consider applicable day count fraction if not U.S. dollar denominated)

17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [Give or annex details]
 - (ii) Calculation Agent: [Give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
 - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
 - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
 - (v) Specified Period(s)/Specified Interest Payment Dates: []
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
 - (vii) Additional Business Centre(s): []
 - (viii) Minimum Rate of Interest: [] per cent. per annum
 - (ix) Maximum Rate of Interest: [] per cent. per annum
 - (x) Day Count Fraction: []
18. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
 - (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
 - (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]

- (d) Person at whose option Specified Currency(ies) is/are payable: []

Provisions Relating to Redemption

19. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [] per Calculation Amount
- (ii) Maximum Redemption Amount: [] per Calculation Amount
- (d) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
21. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

22. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): per Calculation Amount/specify other/see Appendix]

General Provisions Applicable to the Notes

23. Form of Notes:
- (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
(Ensure that this is consistent with the wording in the “Form of the Notes” section in the Prospectus and the Notes themselves.)
- (ii) New Global Note: [Yes] [No]
24. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which items 15 (iii) and 17(vii) relate)
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences or failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of temporary global Note and/or permanent global Note may be required for Partly Paid Notes]
27. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
28. Redenomination applicable: Redenomination [not] applicable
[if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms]
29. Other final terms: [Not Applicable/give details]
[When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

Distribution

30. (a) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (b) Date of [Subscription Agreement]: []
- (c) Stabilising Manager(s) (if any): [Not Applicable/give names]
31. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
32. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
33. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA not applicable]
(TEFRA D Rules will be applicable to all Notes with a maturity of more than 365 days)
34. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the “Financial Intermediaries”) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (“Public Offer Jurisdictions”) during the period from [specify date]¹ until [specify date or a formula such as “the Issue Date” or “the date which falls [] Business Days thereafter”] (“Offer Period”). See further Paragraph 10 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)
35. Additional selling restrictions: [Not Applicable/give details]

Purpose of Final Terms

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the Luxembourg Stock Exchange’s *Bourse de Luxembourg* and listing on the Official List of the Luxembourg Stock Exchange] of the Notes described herein pursuant to the U.S.\$15,000,000,000 Euro Medium Term Note Programme of Volvo Treasury AB (publ) as issuer and AB Volvo (publ) as guarantor.

Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: _____

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange’s *Bourse de Luxembourg*, and listed on the Official List of the Luxembourg Stock Exchange with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange’s *Bourse de Luxembourg*, and listed on the Official List of the Luxembourg Stock Exchange with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

2. RATINGS

Ratings: The Notes to be issued have been rated:
[S&P: []]
[Moody’s: []]
[Other: []]

(Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

(The above disclosure should reflect the rating allocated to Notes issued under the Programme generally or, where the issue has been specifically rated, that rating.)

EITHER *[[Insert the legal name of the relevant CRA entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]*

OR *[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]*

OR *[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU CRA entity that applied for registration], which is established in the European Union and is registered under the CRA Regulation, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU CRA entity]. While notification of the corresponding endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that a transitional period ending on 31 January 2012 (which may be extended to 30 April 2012) shall apply with respect to ratings intended to be endorsed.]*

OR *[[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings *[[have been]/[are expected to be]]* endorsed by *[insert the legal name of the relevant EU-registered CRA entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU CRA entity]* is established in the European Union and registered under the CRA Regulation.]

OR *[[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it *[is]/[has applied to be]* certified in accordance with the CRA Regulation.]

OR *[[Insert the legal name of the relevant CRA entity]* is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

OR *[[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU CRA entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU CRA entity]*.]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests.*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

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

(i) Reasons for the offer []

(If reasons for offer are different from making profit and/or hedging certain risks will need to include those reasons here eg “see “Use of Proceeds” wording in Prospectus”)

(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: []

[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]

(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate Notes only)

Indication of yield:

[]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (Floating Rate Notes only)

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

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-Linked Notes only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] (Include this text if “yes” selected in which case the Notes must be issued in NGN form)

[10. TERMS AND CONDITIONS OF THE OFFER

- (i) Offer Price: [specify]
- (ii) Conditions to which the offer is subject: [give details]
- (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer. [specify]
- (iv) Description of the application process: [give details]
- (v) The time period, including any possible amendments, during which the offer will be open and description of the application process: [specify]
- (vi) Details of the minimum and/or maximum amount of application: [give details]

- (vii) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give details*]
- (viii) Details of the method and time limits for paying up and delivering the Notes: [*give details*]
- (ix) Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]
- (x) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]
- (xi) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [*give details*]
- (xii) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]
- (xiii) An indication of the expected price at which the securities will be offered or the method of determining the price and process for its disclosure: [*specify*]
- (xiv) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]
- (xv) Name and address of the co-ordinator(s) of the global offer and of single parts of the offer, and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place: [*specify*]
- (xvi) Name and address of any paying agents and depository agents in each country: [*specify*]

- (xvii) Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commissions and of the placing commissions: [Not Applicable/*specify*]
- (xviii) Details of time limits during which the offer will be open (including any possible amendments) and description of the application process): [*give details*]

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

[Date]

VOLVO TREASURY AB (publ)

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

PART A – CONTRACTUAL TERMS

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

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated [original date] [and the Supplement to the Prospectus dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) as amended (which includes the amendments made by Directive 2010/73/EU (the “2010 PD Amending Directive”) to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Prospectus dated [current date] [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the Supplement to the Prospectus dated [date]] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [current date] and [original date] [and the Supplement to the Prospectus dated [date]]. Copies of such Prospectuses [and the Supplement] are available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified offices of the Paying Agents in London and Luxembourg. Such Prospectuses[, the Supplement dated [date]] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: Volvo Treasury AB (publ)
- (ii) Guarantor: AB Volvo (publ)
2. (i) Series Number: []
- (ii) Tranche Number: []
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (i) Specified Denomination(s): []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

N.B. where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”

(N.B. Following the entry into force of the 2010 PD Amending Directive on 31st December, 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1st July, 2012) must have a minimum denomination of €100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)

- (ii) Calculation Amount: []

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
- (See Condition 5 for alternatives)*
- (xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: [Conditions 7(e)(iii) and 7(j) apply/specify other]
- (Consider applicable day count fraction if not U.S. dollar denominated)*
17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Index/Formula: [Give or annex details]
 - (ii) Calculation Agent: [Give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]

- (v) Source of information in relation to the underlying [Index]/[Indices] can be obtained: []
- (vi) Underlying interest rate: []
- (vii) Details of any market disruption/settlement disruption events affecting the underlying: []
- (viii) Exercise price/final reference price of the underlying: []
- (ix) Details of settlement procedure of the Notes: []
- (x) Details of how any return on the Notes takes place, payment or delivery date, and the manner of calculation: []
- (xi) Conditions to which the offer is subject: []
- (xii) Time period, including any possible amendments, during which the offer will be open and description of the application process: []
- (xiii) Details of the minimum and/or maximum amount of application: []
- (xiv) Details of the method and time limits for paying up and delivering the Notes: []
- (xv) Manner in, and date on which, results of the offer are to be made public: []
- (xvi) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: []
- (xvii) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: []
- (xviii) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: []

9. OPERATIONAL INFORMATION

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

- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]
 [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] (*Include this text if “yes” selected in which case the Notes must be issued in NGN form*)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange (if any) and/or any other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto, such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and definitive Note. Reference should be made to “Forms of Final Terms” above for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

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

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in

instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached hereto or endorsed hereon which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached hereto or endorsed hereon.

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

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are obtainable during normal business hours at the registered office for the time being of the Trustee at Winchester House, 1 Great Winchester Street, London EC2N 2DB, and at the specified offices of each of the Agent and the other Paying Agents. Copies of the applicable Final Terms are available for viewing at, and copies may be obtained from, the registered office of the Issuer and from the specified office of the Paying Agents in London and Luxembourg save that the Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a Noteholder holding one or more Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to its holding of such Notes and identity. In addition, Final Terms relating to a Note which is admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange will be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are binding on them.

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

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

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

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

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

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

2. Status of the Notes

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

3. Guarantee

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

4. Negative Pledge

The Issuer and the Parent undertake that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), they will not have outstanding any External Indebtedness and will procure that no Subsidiary (as defined in the Trust Deed) of the Issuer or the Parent will have outstanding any such indebtedness which is also guaranteed by the Issuer or the Parent, where in any such case such External Indebtedness or guarantee is secured by any mortgage, lien (other than liens arising by operation of law), pledge or other charge, unless the Issuer or the Parent, as the case may be, shall forthwith take any and all action necessary to procure that all amounts payable by it under the Notes, the

Coupons and the Trust Deed are secured equally and rateably with such mortgage, lien, pledge or other charge to the satisfaction of the Trustee or such other security is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

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

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

5. Interest

(a) Interest on Fixed Rate Notes

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

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

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

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

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

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

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

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

In these Terms and Conditions:

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

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

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

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

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

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

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

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

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

- (A) (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “TARGET2 System”) is open; and
- (B) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms.

(ii) *Rate of Interest*

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

(iii) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), “ISDA Rate” for an

Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”)) and under which:

- (A) Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is the period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

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

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

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

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

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this sub-paragraph (iv) in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

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

the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Agent, in the case of Floating Rate Notes and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Notes represented by such global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

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

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

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

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

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

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

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

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

(viii) *Determination or Calculation by Trustee*

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

(ix) *Certificates to be Final*

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

(c) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

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

6. Payments

(a) *Method of Payment*

Subject as provided below:

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

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

(b) *Presentation of Notes, Receipts and Coupons*

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

Payments of instalments of principal (if any), in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing

Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

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

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

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

- (a) if
 - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
 - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange

controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law; or
- (b) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Parent, adverse tax consequences for the Issuer or the Parent.

(c) *Payment Day*

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

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

(d) *Interpretation of Principal and Interest*

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

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

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

7. Redemption and Purchase

(a) Redemption at Maturity

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

(b) Redemption for Tax Reasons

If the Issuer or the Parent satisfies the Trustee immediately prior to the giving of the notice referred to below that (i) as a result of any change in the laws of Sweden, which becomes effective on or after the Issue Date of the first Tranche of the Notes, on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided in Condition 8; or (ii) on the occasion of the next payment due in respect of the Notes, the Parent would be unable to procure the Issuer to make payment and, in making such payment itself under the Guarantee, the Parent would, as a result of any change in the laws of Sweden, which becomes effective on or after the Issue Date of the first Tranche of the Notes, be required to pay additional amounts as provided in Condition 8, the Issuer may at its option, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) having given not less than 30 nor more than 60 days' notice to the Trustee and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), redeem all the Notes, but not some only, at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

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

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

and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

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

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

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) *Early Redemption Amounts*

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

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable, or such other amount as is provided in the applicable Final Terms.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (in either case) on such other calculation basis as may be specified in the applicable Final Terms.

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

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

(i) *Cancellation*

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

(j) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

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

8. Taxation

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

- (i) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable for the Taxes in respect of such Note, Receipt or Coupon by reason of such holder having some connection with Sweden other than (1) the mere holding of such Note, Receipt or Coupon or (2) the receipt of principal or interest in respect of such Note, Receipt or Coupon; or

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

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

9. Prescription

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

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

10. Events of Default

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

- (i) default is made in the payment of any principal due in respect of the Notes or any of them and default continues for a period of 15 days or if default is made in the payment of any interest due in respect of the Notes or any of them and the default continues for a period of 30 days; or
- (ii) the Issuer or the Parent defaults in the performance of any other obligation under the Trust Deed and (except where such default is not capable of remedy when no such notice or continuation as is hereinafter mentioned will be required) such default continues for 60 days after written notice thereof shall have been given to the Issuer and the Parent by the Trustee; or
- (iii) other indebtedness for borrowed money of the Issuer, the Parent or any Principal Subsidiary (as defined in the Trust Deed) becomes repayable prematurely as a consequence of any default by it in its obligations in respect of the same, or the Issuer, the Parent or any Principal Subsidiary fails to repay any such indebtedness for borrowed money when due (subject to any permitted grace period applicable to the repayment of such indebtedness for borrowed money) or fails to perform its payment obligations under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money of any other

person within any grace period applicable to any payment due under such indebtedness for borrowed money, provided that the aggregate principal amount of all such indebtedness for borrowed money which has become prematurely repayable or has not been repaid or in respect of which the guarantee and/or indemnity has not been performed amounts to at least U.S.\$80,000,000 (or its equivalent in any other currency); or

- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer, the Parent or any Principal Subsidiary be wound up or dissolved otherwise than for the purposes of or pursuant to an amalgamation, merger or reconstruction the terms of which have previously been approved by the Trustee, such approval not to be unreasonably withheld; or
- (v) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Issuer, the Parent or any Principal Subsidiary; or
- (vi) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Issuer, the Parent or any Principal Subsidiary and is not discharged within 60 days thereof; or
- (vii) the Issuer, the Parent or any Principal Subsidiary stops payment or (otherwise than for the purposes of such an amalgamation, merger or reconstruction as is referred to in paragraph (iv) of this Condition) ceases or threatens to cease substantially to carry on business or is unable to pay its debts as and when they fall due; or
- (viii) proceedings shall have been initiated against the Issuer, the Parent or any Principal Subsidiary under any applicable bankruptcy, insolvency or re-organisation law and such proceedings shall not have been discharged or stayed within a period of 60 days; or
- (ix) the Issuer, the Parent or any Principal Subsidiary initiates or consents to proceedings relating to itself under any applicable bankruptcy, composition, insolvency or re-organisation law or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors; or
- (x) if the Guarantee ceases to be, or is claimed by the Parent not to be, in full force and effect,

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

11. Replacement of Notes, Receipts, Coupons and Talons

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

12. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agent and their initial specified offices are set out below.

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

- (i) so long as the Notes are listed or admitted to trading on any stock exchange or other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of that stock exchange or other relevant authority;

- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe;
- (iii) there will at all times be an Agent; and
- (iv) the Issuer and the Parent undertake that they will ensure that they maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Parent shall forthwith appoint a Paying Agent (such Paying Agent having been approved in writing by the Trustee) having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect with the prior written approval of the Trustee and (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. Exchange of Talons

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

14. Notices

All notices regarding the Notes shall be published (i) in the *Financial Times* or any other daily newspaper in London approved by the Trustee or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe, and (ii) if the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange (so long as the rules of that exchange so require) in a daily newspaper with general circulation in Luxembourg which is expected to be *Luxemburger Wort* and/or on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date of the first publication in all the required newspapers and, if applicable, on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

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

the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver

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

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

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise of its trusts, powers, authorities or discretions for individual Noteholders, Receiptholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or the Parent or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

16. Further Issues

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

17. Enforcement

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

18. Substitution

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

19. Indemnification

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

20. Contracts (Rights of Third Parties) Act 1999

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

21. Governing Law and Submission to Jurisdiction

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

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

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

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

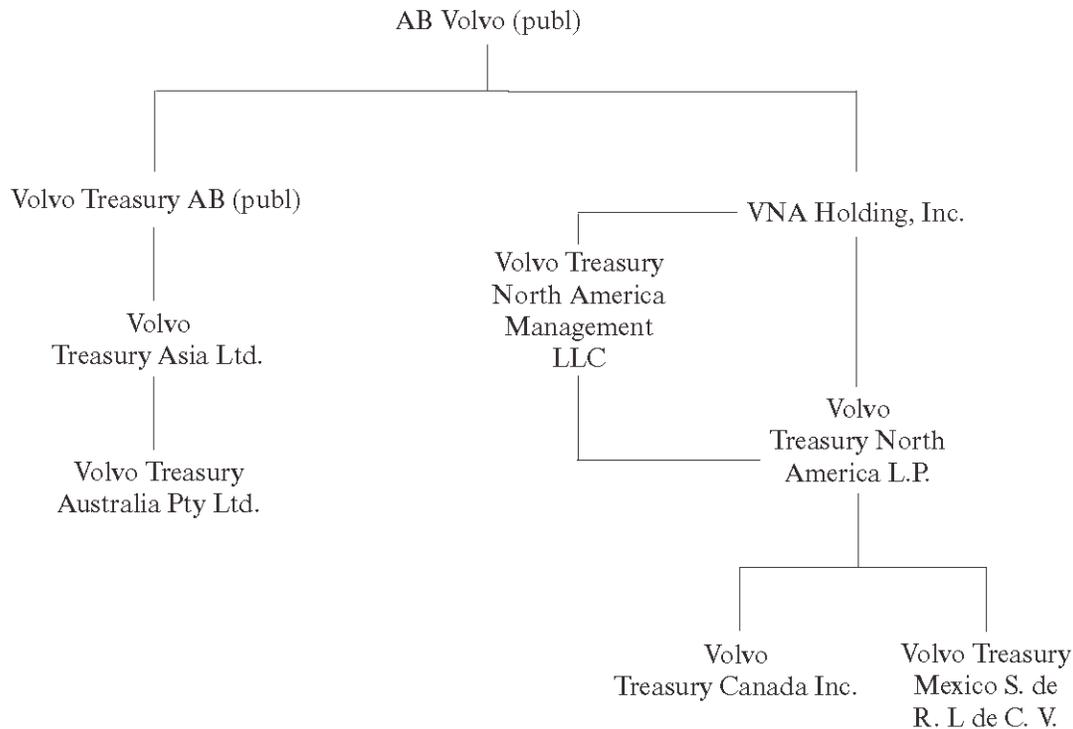
The Issuer and the Parent have in the Trust Deed appointed VFS Financial Services Limited at its office for the time being at Wedgnoock Lane, Warwick CV34 5YA as their agent in England for service of process on their behalf and have agreed that in the event of VFS Financial Services Limited ceasing so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

USE OF PROCEEDS

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

VOLVO TREASURY AB (publ)
BACKGROUND AND MAIN ACTIVITIES

Organisation



HISTORY AND DESCRIPTION

Volvo Treasury AB (publ) (the “Issuer”) is a wholly-owned subsidiary of the Parent and was established on 4th May, 1970 under the laws of Sweden and started its current business on 28th June, 1985. The Issuer is the parent company of Volvo Treasury Asia Ltd. The Issuer is registered with the Swedish Companies Registration Office under No. 556135-4449 as a public company with limited liability and has its registered office in Göteborg, Sweden and address at SE-405 08 Göteborg, Sweden. The telephone number of the office is +46 31 66 95 33. As at 8th November, 2011, the issued share capital of the Issuer amounted to SEK 500 million and is fully paid up. The share capital is divided into 5,000,000 ordinary shares at a par value of SEK 100 each.

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

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

Volvo Treasury operations are carried out according to centrally determined risk mandates and limits designed to minimise the currency, interest rate and liquidity risks to which the Volvo Group is exposed. These risks and the manner in which the Volvo Group handles them are presented in the 2010 Annual Report of the Parent incorporated by reference in this Prospectus (see “Documents Incorporated by Reference” herein).

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

Management of Volvo Treasury

Anders Osberg	President, Volvo Treasury AB (publ), Member of the Board of the Association of Swedish Treasurers
Ulf Niklasson	Head of Treasury and Trading, Volvo Treasury AB (publ)
Sune Martinsson	Chief Financial Officer, Volvo Treasury AB (publ)
Erwin Tan	President, Volvo Treasury Asia Ltd.
Charles Albrecht	President, Volvo Treasury North America Management LLC, President, Volvo Treasury North America L.P.

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

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

Board of Directors of the Issuer

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

Mikael Bratt	Chairman of the Board, Senior Vice President and Chief Financial Officer, AB Volvo (publ)
Anders Osberg	President of the Issuer, Member of the Board of the Association of Swedish Treasurers
Thomas Alexandersson	Employee Representative
Rune Alsterholm	External Board Member
Rikard Bentelius	Corporate Legal Counsel, AB Volvo (publ)
Fredrik Brunell	Vice President, Head of Corporate Finance, AB Volvo (publ)
Christer Johansson	Vice President, Investor Relations, AB Volvo (publ)
Tommy Olsson	Employee Representative
Scott Rafkin	Senior Vice President and Chief Financial Officer, Volvo Financial Services

Deputy members of the Board

Hans Hansson	Deputy Employee Representative
Linnea Pilhem Hellenäs	Deputy Employee Representative

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

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

Auditors

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

AB VOLVO (publ)

General

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

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

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

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

Headquartered in Göteborg, Sweden the Volvo Group had 96,891 employees as at 30th September, 2011. With 40 per cent. of sales in Europe, 19 per cent. in North America, 11 per cent. in South America and 24 per cent. in Asia in the first nine months of 2011, the Volvo Group operates in an international environment with production and assembly carried out on six continents. Its shares are traded on the Nasdaq OMX Nordic Exchange in Stockholm, Sweden.

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

Principal activities

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

The Volvo Group’s mission states that “By creating value for our customers, we create value for our shareholders. We use our expertise to create transport-related products and services of superior quality, safety and environmental care for demanding customers in selected segments. We work with energy, passion and respect for the individual.”

Principal markets

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

The Volvo Group's largest geographical markets during the first nine months of 2011 were Europe which accounted for 40 per cent. of net sales, Asia (24 per cent.) and North America (19 per cent.). The Industrial Operations' net sales per segment during the first nine months of 2011 were distributed as follows: Trucks (67 per cent.), Construction Equipment (21 per cent.), Buses (7 per cent.), Volvo Penta (3 per cent.) and Volvo Aero (2 per cent.).

Organisational Structure

The Volvo Group's operations are organised in nine business areas: Volvo Trucks, Renault Trucks, Mack Trucks, UD Trucks, Buses, Construction Equipment, Volvo Penta, Volvo Aero and Financial Services. In addition to the nine business areas, there are certain operations, business units, consisting mainly of service companies that are designed to support the business areas' operations. The business units are organised globally and combine expertise in key areas. They have the overall responsibility for product planning and purchasing, and for developing and delivering components, subsystems, services, and service and support to the group's business areas. The structure creates economies of scale in product development, production, parts supply, logistics, administration and support functions. In the financial reporting the business areas Volvo Trucks, Renault Trucks, Mack Trucks and UD Trucks are reported as one segment.

Each business area except Financial Services has total responsibility for its operating income and operating capital. The Financial Services business area has responsibility for its net income and total balance sheet within certain restrictions and principles that are established centrally.

The supervision and co-ordination of treasury and tax matters is organised centrally to obtain the benefits of a group-wide approach. The legal structure of the Volvo Group is based on optimal handling of treasury, tax and administrative matters and, accordingly, differs from the operating structure.

Volvo Trucks

The Volvo Group began manufacturing trucks in 1928 and specialises in heavy trucks, with gross vehicle weight above 16 tons. Volvo Trucks products are marketed in more than 130 countries. The greater part of the sales takes place in Europe, North and South America and Asia.

Renault Trucks

Renault Trucks traces its origin to the Berliet and Renault companies founded in 1895 and 1898. With a product programme that ranges from light trucks for city distribution to heavy long-haul trucks and military vehicles, Renault Trucks is a true multi-specialist with the ability to meet the specific requirements of all types of road transport. Renault Trucks has a strong presence in Europe.

Mack Trucks

Mack Trucks is one of the largest manufacturers of heavy-duty trucks and major product components in North America. Since its founding in 1900, Mack has built on its reputation of strength and durability to become one of the leading heavy-duty truck brands in the North American market. In the US, Mack is a leader in the vocational segments of the heavy-duty truck market. In addition, Mack trucks are sold and serviced in more than 45 countries.

UD Trucks

UD Trucks was established in 1935 to produce diesel engines and introduced its first line of trucks in 1940. UD Trucks' products range from medium-heavy to heavy-duty trucks used for long-haul, regional transport and construction operations as well as buses. UD Trucks has an extensive dealer network in Japan and an international sales network of 55 distributors and seven partially owned sales companies around the world.

Buses

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

Construction Equipment

The products, spare parts and services of Volvo Construction Equipment (“Volvo CE”) are offered worldwide in more than 125 markets. Customers are using the products in a number of different applications including general construction, road construction and maintenance, forestry, demolition, waste handling, material handling and extraction.

Volvo Penta

Volvo Penta offers complete power systems and service for leisure boats, workboats and industrial applications such as power-generating equipment. Volvo Penta operates within two areas of activity: Marine and Industrial.

Volvo Aero

Volvo Aero offers a wide range of services and products for the commercial, aerospace and military aircraft industries, including high-technology components for engines, sale of parts for engines and aircrafts and overhaul and repair of aircraft engines and gas turbine engines. In addition, Volvo Aero provides aftermarket services for gas turbine engines and systems.

Financial Services

Volvo Financial Services (“VFS”) provides services in customer and dealer financing. In many markets, insurance, rental services and other offerings are also available. VFS plays a significant role in the Volvo Group’s strategy for becoming the world’s leading provider of commercial transport solutions.

Business Overview

The information in this section is based on that contained in the Volvo Group Annual Report 2010, and such information may be superseded by information contained in the section entitled “Recent Developments – Significant Events”, which should therefore be read in conjunction with this section.

General

During 2010, the Volvo Group grew at a good pace with increased sales in all regions, improved profitability and good cash flow. After having reported a substantial loss in 2009, when the global financial crisis forced the Volvo Group into considerable rationalisations, recovery in growth and profitability was swift.

The Volvo Group’s sales of SEK 265 billion during 2010 represented an increase of 21 per cent. compared with the preceding year. Demand for the Volvo Group’s products recovered strongly in essentially all markets. Demand continued to rise from already high levels in emerging markets, while in the Volvo Group’s mature markets, with the exception of Japan, there was a significant gain in momentum during the second half of the year.

Significantly improved earnings

Operating income improved to SEK 18 billion, compared with the loss of SEK 17 billion the preceding year. The operating margin was 6.8 per cent. The improvement in earnings is of course an effect of the Volvo Group selling more products and services, but it is also the result of focused work on rationalising and streamlining all parts of the Volvo Group, as well as keeping a tight grip on costs. The combination of increased profitability with the Volvo Group’s achievement of growth without tying up any additional operating capital resulted in its Industrial Operations generating an operational cash flow of SEK 19 billion.

Despite the Volvo Group's debt increasing during the global financial crisis in 2009, the Volvo Group aimed to reduce its debt by lowering cost levels and turning around the negative cash flow. The Volvo Group succeeded in meeting this objective. Thanks to improved profitability and strong cash flow, the Volvo Group once again stands financially strong, with a net debt in Industrial Operations that at the close of the year was down to 37 per cent. of shareholders' equity.

The Volvo Group has welcomed the return of increasing numbers of its former colleagues to the Volvo Group; this includes employees who had to leave in conjunction with the financial crisis but who have now been offered work again in increasing numbers. The Volvo Group has provisioned SEK 350 million for profit sharing to its employees, since return on shareholders' equity for 2010 amounted to 16 per cent. The past two years have required quick adaptations, for which the Volvo Group relied on the efforts undertaken by employees throughout the Volvo Group.

Based on the much improved profitability and the significantly reduced debt level, the Board proposes to resume dividends with a pay-out of SEK 2.50 per share for the financial year of 2010.

Improvements within all business areas

Improved demand was clearly visible in the Volvo Group's truck operations, with order intake rising by 75 per cent. while deliveries increased by 41 per cent. Order intake gradually increased from low levels in Europe and North America. In many emerging markets, such as Brazil and India, demand remained strong. On the other hand, the Japanese market weakened during the second half of the year. Net sales in the truck operations increased 20 per cent. to SEK 167 billion and the operating margin improved to 6.0 per cent. The positive trend in order intake led to a gradual increase in the pace of manufacturing and delivery in most of the Volvo Group's truck plants.

The growth and profitability development of Construction Equipment was strong throughout the year with a gradual improvement in Europe and North America, and with a very good contribution from emerging markets, particularly China. Sales rose 51 per cent. to SEK 54 billion and the business area recorded an operating income of slightly more than SEK 6 billion. The full year operating margin was 11.5 per cent. with a strong finish to the year. The Volvo Group has increased its market share in the important Chinese market and now ranks as its third largest manufacturer. The Volvo Group is moving its position forward further with the launch of SDLG branded excavators from Lingong and a large number of Volvo products.

Buses' sales increased by 11 per cent. and the operating margin rose to 3.8 per cent. The business area had a positive trend in profitability throughout the year despite relatively low volumes in the important markets of Europe and North America. The improved profitability is partly a result of increased sales, but primarily the fruit of considerable efforts to raise internal efficiency and lower costs.

Volvo Penta turned around with a profit of SEK 578 million and a margin of 6.6 per cent. despite continued weak demand for marine engines. With one of the industry's broadest product ranges and a global network of service and distributors, Volvo Penta is strategically well-positioned to be an innovative partner to important boat builders. The industrial engine business had a good development and the aim is to further increase sales of industrial engines by breaking into new segments of the market.

Volvo Aero's operating income rose to SEK 286 million despite a loss of SEK 538 million related to the divestment of the U.S.-based service business. Core operations developed strongly due to increased volumes, resulting in improved capacity utilisation, improved productivity and lower costs. Volvo Aero remains well-established with participation in many interesting engine programs that will be entering production in coming years.

In the Volvo Group's Customer Finance Operations profitability gradually improved as its customers' business activity increased, which in turn led to a more stable financial situation for them. As a consequence of the Volvo Group's increased sales of new products, its credit portfolio is growing again.

Intensive year of news

The Volvo Group takes a long-term view of its business and what needs to be done to create value for its customers and to create sustainable profitability. Accordingly, the Volvo Group maintained its relatively high investments in product development during both 2009 and 2010. It also continued to invest in its plants and sales channels. Combined, this means that the Volvo Group now stands well-prepared in terms of both products and capacity.

As one of the world's largest manufacturers of commercial vehicles, the Volvo Group has a responsibility to reduce the impact on the environment caused by its production as well as the usage of its products – it is a responsibility that the Volvo Group takes most seriously. Engines that use less fuel lower customers' operating costs and strengthen their competitiveness while reducing environmental impact. At the beginning of the year, the Volvo Group introduced on a broad front in the USA, the new engines that meet the latest, extremely stringent requirements on emission levels that are in fact practically zero for nitrogen oxides and particulates. Trucks fitted with the new engines have been well received by both old and new customers and the Volvo Group is capturing market share in North America as a result. In Europe, Volvo Trucks launched the new construction truck Volvo FMX that strengthens the offering within this important segment of the market. In Japan, UD Trucks, in conjunction with the introduction of new emission regulations, launched a new heavy Quon truck equipped with Volvo Group engines.

Through VE Commercial Vehicles Ltd. ("VECV"), the joint venture with Eicher Motors, the Volvo Group has a very strong position in medium-duty trucks in India and a well-performing sales network. The Volvo Group is now further developing VECV to keep pace with the strong growth in the country and for export to other countries. The Volvo Group is developing a new generation of heavy-duty trucks and investing in new assembly capacity. It is also building a new engine plant that will be the global base for the medium-duty engine platform to be launched in increasing numbers of the Group's products in the coming years.

Volvo CE launched a number of new Volvo products during the year. Manufacturing was also begun in China of the new series of excavators under the SDLG brand. In addition, Volvo CE's engines received certification in accordance with the new environmental rules that are beginning to be introduced in Europe and North America in 2011. During the year, Volvo Buses began mass production of hybrid buses at its plant in Poland.

Positive development in the short and long term

Thanks to hard work and the resolute execution of cost-cutting measures, the Volvo Group has taken itself through the collapse of the global financial system and emerged as a stronger company at a time when the economic trend is once again pointing in the right direction. With the support of the Volvo Group's distributors and suppliers, the Volvo Group is prepared to meet the expected continuation of the rise in volumes that occurred during 2010. The Volvo Group is continuously working to trim the industrial system in order to improve productivity and capital efficiency. The Volvo Group is also intensifying its activities within product development in preparation for several important product launches in the coming years.

Investments in fixed assets

The industrial operations investments in fixed assets including capitalised development costs during 2010 amounted to SEK 10.3 billion (10.3).

Investments in 2010 (2009 in parenthesis)

<i>Segment</i>	<i>Investment (SEK billions)</i>	<i>Type</i>
Trucks	7.2 (7.4)	The capital expenditures within Trucks consist to a large extent of investments related to product renewals in the Volvo Group's product programme, within product development and adaptations in the plants. Examples of product renewals are the new Volvo FMX construction truck and UD Trucks' launches of a new version of the Quon heavy truck and a new Condor medium duty truck equipped with a new medium-duty engine. The ongoing investments aiming for increased capacity and flexibility have more or less been finalised during the year. Those relate to the cab plant in Umeå, Sweden, and the engine plants with the new foundry but also investments in machining and assembly processes in Skövde, Sweden, and the assembly line in Ageo, Japan. During 2010, Trucks invested in the dealer network and workshops, mainly in Europe, however on a lower level than the previous year.
Construction Equipment	1.4 (1.0)	A majority of the investments in Construction Equipment refer to expansion of the excavator business in the BRIC countries, during 2010 especially in China. It includes product offerings as the new EC200B Volvo excavator for the Chinese market, and increased manufacturing capacity in China, Lingong with SDLG, and also in Korea, Changwon, for components and assembly. Product related investments during the year also refer to the emission regulations with Tier4i and Stage IIIB engines.
Buses	0.2 (0.4)	Investments in Buses were mainly related to maintenance and efficiency-enhancing investments in the factories. Product related investments during the year relate mainly to emission standards and product renewals.
Volvo Penta	0.2 (0.3)	Investments in Volvo Penta consisted mainly of product-related investments in the new D13 engine and IPS3, the finalisation phase of investments in the new logistics system as well as tooling and other development activities.
Volvo Aero	0.8 (0.6)	The majority of the investments in Volvo Aero refer to the involvement in the new engine programmes, PW1000G with Pratt & Whitney, and Trent XWB with Rolls-Royce. The investments also refer to finalisation of a number of investments in Aero's production facilities in order to secure the capacity required for the GENx program, carried out in cooperation with General Electrics, and capacity investments in the Low Pressure Turbine shop.

For 2011, the Volvo Group estimates that investments in property, plant and equipment will be around SEK 10 billion. This is higher than in 2010 as investments in future product programmes will increase, as well as the expansion of the business in the BRIC countries. The process in which ongoing and future investments are continuously reviewed and prioritised is still in focus.

Investments in R&D

In 2010, research and development expenses amounted to SEK 12,970 million (13,193). Even though costs decreased compared with 2009, they remained at a relatively high level primarily a consequence of projects relating to new emission regulations in Europe, USA and Japan.

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.

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

Uncertainty regarding customers' access to financing for products might have a negative impact on demand.

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.

The reported amounts for contingent liabilities reflect a part of the Volvo Group's risk exposure. Total contingent liabilities at 30th September, 2011, amounted to SEK 16.1 billion, an increase of SEK 5.1 billion compared to 31st December, 2010. A major part of the total contingent liabilities is related to credit guarantees issued as a result of the increased sales in emerging markets. 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 EPA. The demand is a consequence of dissenting opinions on whether an agreement between the 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 was approved by the U.S. District Court for the Eastern District of Pennsylvania in September. The Volvo Group will fund the trust with U.S.\$525 million, a significant part of which is to be paid during the fourth quarter 2011. The funding obligation is reported as a financial liability and amortisations will be reported as cash flow from financing activities.

NDT, 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. NDT claimed that AB Volvo's actions had caused UDT, a wholly-owned subsidiary of AB Volvo, to unlawfully terminate two agreements between UDT and NDT. In September 2011, a settlement was reached, finally settling the submitted claims. The settlement has an insignificant impact on the consolidated operating income and financial position of the Volvo Group.

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

In September 2010, Volvo Trucks' and Renault Trucks' UK subsidiaries, together with a number of other international truck companies, became the subject of an investigation initiated by the OFT, the British competition authority. Volvo Trucks' and Renault Trucks' British subsidiaries have received letters from the OFT as part of the investigation.

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

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

In May 2011, Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. The Volvo Group will co-operate fully with the Commission during the course of the investigative work.

In August 2011, Volvo Penta became part of an investigation by the Swedish competition authority regarding a possible violation of antitrust rules.

Given the nature of these investigations, the Volvo Group cannot exclude that they may affect the Volvo Group's results and cash flow by an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be accounted for.

Recent Developments – Significant Events

Olof Persson appointed new Volvo CEO

In March 2011 it was announced that the Board of Directors of AB Volvo had decided to appoint Olof Persson, 46, then President of Volvo Construction Equipment, as the new President and Chief Executive Officer of the Volvo Group. Olof Persson assumed the position as President of AB Volvo and CEO of the Volvo Group on 1st September, 2011 when Leif Johansson retired.

Pat Olney new CEO of Volvo CE

Effective 1st May, 2011, Patrick Olney, 42, was appointed new President and CEO of Volvo Construction Equipment. Pat Olney has an extensive experience spanning 17 years in the Construction Equipment industry, with 10 of those in senior management roles within Volvo CE. He took up his new position on 1st May, 2011.

Annual General Meeting of AB Volvo

The Annual General Meeting of AB Volvo held on 6th April, 2011 approved the Board of Directors' motion that a dividend of SEK 2.50 per share be paid to the company's shareholders.

Peter Bijur, Jean-Baptiste Duzan, Leif Johansson, Hanne de Mora, Anders Nyrén, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh were reelected as members of the AB Volvo Board. Leif Johansson was re-elected for the period extending to 31st August, 2011, when he will step down from his assignment as President and Chief Executive Officer of Volvo. In addition, Olof Persson was elected to the Board for the period starting on 1st September, 2011, when he will take office as President and Chief Executive Officer of the Volvo Group. Louis Schweitzer was re-elected Chairman of the Board.

Jean-Baptiste Duzan, 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, and the Chairman of the Board were elected members of the Election Committee. The Meeting resolved that no fees would be payable to the members of the Election Committee.

The Annual General Meeting adopted a proposal from Renault S.A. and Industrivärden concerning an addendum to AB Volvo's Articles of Association that will permit voluntary conversion of Series A shares to Series B shares. The amendment of the Articles of Association was subject to approval by shareholders representing at least two thirds of the votes cast and the voting rights represented at the Meeting.

Volvo CE invests in its North American operations

Over the next couple of years, Volvo Construction Equipment plans to invest U.S.\$100 million in its Shippensburg, PA, USA manufacturing facility and start production of wheel loaders, excavators and articulated haulers in North America. Also, Volvo CE's North American sales headquarters and Volvo Rents will relocate from Asheville, NC to Shippensburg, PA by September 2012.

UD Trucks launches new Condor

In July, UD Trucks launched its new Condor medium-duty trucks, which have undergone a full model change. The new models adopt a new cab design that conveys the impression of a unified family identity with the Quon heavy-duty truck series. They also feature various advanced technologies accumulated on the company's heavy-duty trucks to deliver outstanding fuel economy, improved environmental and aerodynamic performance and safety. The new Condor models are powered by engines fitted with a newly developed common rail system that increases the maximum fuel injection pressure for achieving high levels of power and torque in a small displacement volume.

New financial targets for AB Volvo

In September 2011, it was announced that the Board of Directors of the Parent had decided to implement new financial targets for the Volvo Group starting in 2012. The new targets have been set in order to enable the growth and profitability of the various operations to be measured and benchmarked annually against relevant competitors.

The financial targets for the Volvo Group are as follows:

- The annual organic sales growth for the truck, bus and construction equipment operations, as well as Volvo Penta, shall be equal to or exceed a weighted-average for comparable competitors.
- Each year, the operating margin for the truck, bus and construction equipment operations, as well as Volvo Penta, shall be ranked among the top two companies when benchmarked against relevant competitors.
- For Customer Finance Operations, the existing targets of 12-15 per cent. return of equity ("ROE") and an equity/assets ratio exceeding 8 per cent. stand firm. Volvo Aero has an ROE target of 15-25 per cent. When calculating the ROE, Volvo Aero will be assigned the same equity/assets ratio as that for the Group's Industrial Operations.
- The capital structure target is set to a net debt, including provisions for post-employment benefits, for the Industrial Operations of a maximum of 40 per cent. of shareholders' equity under normal conditions.

Volvo Group restructures its truck business and launches new organisation

In October 2011, it was announced that the Volvo Group is to have a new organisation which better utilises the global potential of the brands and products within the truck operations. For example, the sales and marketing of all of the truck companies will be organised in three regional organisational units, directly under the CEO. In the same manner, all product development and production of trucks and engines will be placed in two new central organisational units under the CEO. Production, product planning and product development for the non-truck business areas will remain with their respective business area. The new organisation will be in place as of 1st January, 2012.

Further recent developments

The unaudited interim report of the Parent and the Volvo Group, for the nine month period ended 30th September, 2011, which is incorporated by reference as set out at page 21 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 primarily through 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, issues affecting more than one business area/unit and the 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. On 4th October, 2011, the Volvo Group announced that it will restructure its truck business and launch a new organisation for the Volvo Group as a whole. The new organisation will be in place as of 1st January, 2012. The daily management of the Volvo Group will thus, as from 1st January, 2012, be handled by the CEO through an organisational structure which is different from that described above.

The Swedish Corporate Governance Code

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

Between 1st January, 2010 and 31st December, 2010 the Parent did not deviate from any of the regulations set forth in the Code.

Election Committee

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

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

At the Annual General Meeting of the Parent, held on 6th April, 2011, the Chairman of the Board of the Parent, Jean-Baptiste Duzan, 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. The Election Committee has appointed Carl-Olof By as Chairman of the Election Committee.

The Board

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

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

The Annual General Meeting of the Parent decides on the fees to be paid to the Board members of the Parent elected by the shareholders. The Annual General Meeting of the Parent held on 6th April, 2011 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 1,800,000 and each of the remaining members should receive a fee of SEK 600,000, with the exception of the President. In addition, the Chairman of Audit Committee should receive SEK 300,000 and the other members of the Audit Committee SEK 150,000 each and the members of the Remuneration Committee SEK 100,000 each.

Audit Committee

In December 2002, the Board of the Parent established an Audit Committee primarily for the purpose of overseeing the accounting and financial reporting processes and the audit of the financial statements. The Audit Committee is responsible for preparing the Board's work to assure the quality of the Parent's financial reporting through reviewing the interim reports and the annual report. 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 2011 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) programmes 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 to 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 Group.

At the statutory Board meeting following the 2011 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 (since 2010). Member of the Board (since 2001). Chairman of the Remuneration Committee. Bachelor of Laws. Board Chairman: AstraZeneca Plc. 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.
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.
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. Senior Advisor at Lazard Frères. Board member: Nissan Motor Co. Ltd.
Anders Nyrén	Member of the Board (since 2009). Member of the Remuneration Committee. Graduate of the Stockholm School of Economics, MBA at UCLA. President and CEO of AB Industrivärden. Board Chairman: Sandvik AB. Vice Chairman: Svenska Handelsbanken. Board member: AB Industrivärden, Ernströmgruppen, SSAB Svenskt Stål AB, Svenska Cellulosa Aktiebolaget SCA, Telefonaktiebolaget LM Ericsson and SSE Association.
Olof Persson	Member of the Board (since 2011). Bachelor of Arts, Business Administration. President of AB Volvo and CEO of the Volvo Group since 2011.
Ravi Venkatesan	Member of the Board (since 2008). MBA and M Sc Industrial Engineering.. 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. and Husqvarna AB. Board member: SSAB Svenskt Stål AB, Sandvik AB and Stena AB.
Ying Yeh	Member of the Board (since 2006). Member of the Remuneration Committee. BA Literature & International Relations. Board member: ABB Ltd.
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. Senior Vice President of the Parent and General Counsel of the Volvo Group.

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:

Olof Persson President of the Parent and CEO of the Volvo Group since 1 September 2011. President of Volvo Construction Equipment (2008-2011). President of Volvo Aero (2006-2008). Member of the Volvo Group Executive Committee since 2006.

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.
Staffan Zackrisson	President of Volvo Aero since 2008. Has held various positions at Volvo Aero (1979-87 and since 1989). 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.
Patrick Olney	President of Volvo Construction Equipment since 1st May, 2011. Has held various senior positions at Volvo Construction Equipment, most recently as Executive Vice President and Head of Operations. Member of the Group Executive Committee since 2011.

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

As at 30th September, 2011, 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 663,527,946 Series A shares and 1,464,892,274 Series B shares.

On 30th September, 2011, Renault was known to the Parent to be the holder of shares representing 17.6 per cent. of the votes and 6.8 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2011, Industrivärden held shares representing 15.1 per cent. of the votes and 6.1 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2011, 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, 2011, SHB (comprising shares held by SHB, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen) held shares representing 4.7 per cent. of the votes and 2 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2011, AMF Insurance & Funds held shares representing 4.1 per cent. of the votes and 3.1 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, 2011.

On 30th September, 2011, there were approximately 256,293 shareholders of the Parent's shares registered with the Swedish Securities Register Centre, VPC AB ("VPC").

The Parent confirms that, to the knowledge of the Parent, as of 30th September 2011, no other entity or person directly or indirectly controls the Parent.

Auditors

The Parent's auditor is elected at the annual general meeting. The current auditor is PricewaterhouseCoopers AB ("PwC"), which was elected at the 2010 annual general meeting of the Parent for a period of four years. Two PwC partners, Göran Tidström and Johan Rippe, are responsible for the audit of the Volvo Group. Göran Tidström is the Lead Partner. 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 was approved by the U.S. District Court for the Eastern District of Pennsylvania in September 2011. The Volvo Group will fund the trust with U.S.\$525 million, a significant part of which is to be paid during the fourth quarter 2011. 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 EPA. The Consent Decree included, among other provisions, that new stricter emission requirements for certain engines that would come into force on 1st January, 2006, should be applied by VTC and VCE from 1st January, 2005. The Consent Decree was later transferred from VTC and VCE to Volvo Powertrain Corporation. During 2008, the EPA demanded stipulated penalties from Volvo Powertrain Corporation in the amount, including interest, of U.S.\$72 million, alleging that the stricter standards under the Consent Decree should have been applied to engines manufactured by Volvo Penta during 2005. Volvo Powertrain disagrees with the EPA's interpretation and is defending the case vigorously based on, among other grounds, their assertion that the Volvo Penta engines were not subject to the Consent Decree. The dispute was referred to a U.S. court. The amount requested by the EPA is included in contingent liabilities.

NDT (the "Plaintiff") on 30th November, 2009 filed a claim at the Pathumthani Provincial Court of First Instance, Thailand, against the Parent 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 claimed that the Parent's actions had caused UDT, a wholly-owned subsidiary of the Parent, to unlawfully terminate two agreements between UDT and NDT. In September 2011, a settlement was reached, finally settling the submitted claims. The settlement has an insignificant impact on the consolidated operating income and financial position of the Volvo Group

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

In September 2010, Volvo Trucks' and Renault Trucks' UK subsidiaries, together with a number of other international truck companies, became the subject of an investigation initiated by the OFT, the British competition authority. Volvo Trucks' and Renault Trucks' British subsidiaries have received letters from the OFT as part of the investigation.

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

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

In May 2011, Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules.

In August 2011, Volvo Penta became part of an investigation by the Swedish competition authority regarding a possible violation of antitrust rules.

Given the nature of these investigations, the Volvo Group cannot exclude that they may affect the Group's results and cash flow by an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be accounted for.

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

The Volvo Group is involved in a number of other legal proceedings. The Volvo Group does not believe that any liabilities relating to such proceedings are reasonably likely to have a material adverse effect on the financial condition of the Volvo Group.

SELECTED FINANCIAL INFORMATION OF THE ISSUER

Key figures – Consolidated income statements of the Issuer

<i>SEK million</i>	<i>For the years ended</i>	
	<i>2010</i>	<i>2009</i>
Net interest income	1,313.7	-506.1
Gross income	1,167.8	-564.8
Operating income	1,061.2	-679.0
Net income	786.8	-498.9
Total comprehensive income for the year	795.2	-510.2

Key figures – Consolidated balance sheets of the Issuer

<i>SEK million</i>	<i>31 December</i>	<i>31 December</i>
	<i>2010</i>	<i>2009</i>
Non-current assets	25,537.4	32,078.7
Current assets	116,396.1	124,853.4
Total Assets	141,933.5	156,932.1
Shareholders' equity	14,729.7	14,274.4
Non-current liabilities	65,725.3	85,691.7
Current liabilities	61,472.6	56,961.6
Total shareholders' equity and liabilities	141,933.5	156,932.1

Key figures – Consolidated income statements of the Issuer

<i>SEK million</i>	<i>For the six months ended</i>	
	<i>30 June 2011</i>	<i>30 June 2010</i>
Net interest income	744.4	922.9
Gross income	766.7	989.2
Operating income	710.7	935.2
Net income	526.1	865.9
Total comprehensive income for the period	517.2	890.1

Key figures – Consolidated balance sheets of the Issuer

<i>SEK million</i>	<i>30 June</i>	
	<i>2011</i>	<i>2010</i>
Total Assets	137,152.5	147,571.5
Shareholders' equity	15,246.9	15,164.5
Non-current liabilities	67,924.2	78,746.4
Current liabilities	53,981.4	53,660.6
Total shareholders' equity and liabilities	137,152.5	147,571.5

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>2010</i>	<i>2009</i>
Net sales	264,749	218,361
Gross income	62,952	32,194
Operating income	18,000	-17,013
Income after financial items	15,514	-20,573
Income for the period	11,212	-14,685

Key figures – Consolidated balance sheets of the Parent

<i>SEK million</i>	<i>As at</i>	
	<i>31 December 2010</i>	<i>31 December 2009</i>
Non-current assets	170,868	177,320
Current assets	147,139	154,945
Total Assets	318,007	332,265
Shareholders' equity	74,121	67,034
Non-current provisions	17,968	18,049
Non-current liabilities	93,325	115,114
Current provisions	8,534	9,487
Current liabilities	124,059	122,581
Total shareholders' equity and liabilities	318,007	332,265
Assets pledged	3,339	958
Contingent liabilities	11,003	9,607

Key figures – Consolidated income statements of the Parent

<i>SEK million</i>	<i>For the nine months ended</i>	
	<i>30 September</i> <i>2011</i>	<i>30 September</i> <i>2010</i>
Net sales	223,860	191,351
Gross income	54,907	46,027
Operating income	19,944	12,482
Income after financial items	18,539	11,020
Income for the period	13,317	7,797

Key figures – Consolidated balance sheets of the Parent

<i>SEK million</i>	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>
Non-current assets	178,710	166,173
Current assets	161,048	142,763
Total Assets	339,758	308,936
Shareholders' equity	81,637	70,329
Non-current provisions	17,282	17,893
Non-current liabilities	93,024	98,924
Current provisions	9,719	8,105
Current liabilities	138,096	113,685
Total shareholders' equity and liabilities	339,758	308,936
Contingent liabilities	16,134	10,952

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 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 35 per cent.

(ii) Resident holders of Notes

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

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

EU Directive on the Taxation of Savings Income

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

countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the “Programme Agreement”) dated 10th November, 2011, 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, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

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

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

Japan

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

registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

France

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

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

it has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (“AMF”), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, 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 appointed under the Programme will be required to represent and agree, that the Notes will only be offered to the public in Sweden provided that (A) the procedure and provisions under “Subscription and Sale” and “Public Offer Selling Restriction under the Prospectus Directive” in this Prospectus (as such procedures and provisions have been implemented in Sweden) are complied with; (B) the amount of the Notes offered to each investor is equivalent to at least €50,000 (or, once the PD Amending Directive has been implemented in Sweden, at least €100,000) or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency; (C) the minimum denomination of each Note is €50,000 (or, once the PD Amending Directive has been implemented in Sweden, at least €100,000) or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency; (D) the Notes have a maturity of less than one year; (E) the offering is otherwise made in accordance with the provisions of the Prospectus Directive (as implemented in Sweden); or (F) a prospectus in relation to such Notes has been approved by *Finansinspektionen* (“FI”) and published or, where a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, where such approval has been notified to FI, all in accordance with the provisions of *Lag (1991:980) om handel med finansiella instrument*.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus or any other information in relation to the Programme or the issue of any Notes thereunder and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such

purchases, offers, sales or deliveries and none of the Parent, the Issuer and any other Dealer shall have any responsibility therefor.

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

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 the Markets in Financial Instruments Directive.

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, 2009 and 31st December, 2010 and the consolidated financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2009 and 31st December, 2010 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; and
- (vi) any future prospectuses, offering circulars, information memoranda, supplements, documents incorporated by reference and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holders must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to the identity of such holders) relating to the Programme.

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

Clearing Systems

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

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

Conditions for determining price

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

Significant or Material Change

Except as disclosed on page 21 in parts (c) and (d), on pages 94 to 95 under "Recent Developments – Significant Events" and on pages 101 to 102 under "Litigation", there has been:

- (i) no significant change in the financial or trading position of the Issuer since 30th June, 2011;
- (ii) no significant change in the financial or trading position of the Parent or the Volvo Group since 30th September, 2011; and
- (iii) no material adverse change in the prospects of the Issuer, the Parent or the Volvo Group, in each case, since 31st December, 2010.

Litigation

Except as described on pages 101 to 102 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, 2009 and 31st December, 2010. 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.

Post-issuance information

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

Certificates and reports

The Trust Deed provides that the Trustee may rely on certificates or reports from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (together an "Expert") in

accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Expert in connection therewith contains any limit on the liability of such Expert.

Conflicts

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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