

PROSPECTUS

VOLVO

Volvo Treasury AB (publ)

(Incorporated with limited liability under the laws of Sweden)

under the guarantee of

AB Volvo (publ)

(Incorporated with limited liability under the laws of Sweden)

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

Euro Medium Term Note Programme

On 29th November, 1994 Volvo Treasury AB (publ) (the "Issuer") and Volvo Group Finance Europe B.V. ("Volvo Europe") entered into a U.S.\$500,000,000 Euro Medium Term Note Programme (the "Programme"). The Programme was subsequently increased on 17th October, 1996, 18th March, 1999, 24th March, 2000, 28th October, 2004, 9th November, 2006 and 16th November, 2007, in each case in accordance with its terms. On 7th August, 1997 Volvo Group Treasury Asia Ltd. ("Volvo Asia") and Volvo Treasury US LLC ("Volvo US") were added as issuers under the Programme. On 2nd October, 1998 the Issuer was substituted in accordance with Condition 18 as an issuer in respect of notes issued prior to 2nd October, 1998 by Volvo Europe. As from 24th November, 1998 Volvo Europe and Volvo Asia have ceased to be issuers under the Programme in respect of issues made after such date. Volvo Asia has no outstanding Notes under the Programme. As from 6th November, 2002, Volvo US has ceased to be an issuer under the Programme in respect of issues made after such date. Volvo US has no outstanding Notes under the Programme. This Prospectus, which is valid for a period of 12 months from the date of publication of this Prospectus, supersedes all previous prospectuses, offering circulars and supplements thereto. Any Notes (as defined below) issued under the Programme after the date hereof are issued subject to the provisions set out herein. This does not affect any Notes issued under the Programme prior to the date hereof.

Under the Programme, the Issuer may from time to time issue notes (the "Notes") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

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

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$15,000,000,000 (or its equivalent in other currencies calculated as described herein) subject to increase as provided herein. A description of the restrictions applicable at the date of this Prospectus relating to the maturity and denomination of certain Notes is set out on pages 18 and 20 respectively.

The Notes will be issued on a continuing basis to one or more of the Dealers specified on page 17 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers").

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

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 on prospectuses for securities 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. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined on page 38) of Notes will be set forth in a final terms document (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (as defined below), the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) or more.

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

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

The Issuer and the Trustee may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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

Arranger

Merrill Lynch International

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.

Citi

Handelsbanken Capital Markets

Merrill Lynch International

The Royal Bank of Scotland

BNP PARIBAS

Dresdner Kleinwort

J.P. Morgan

Nordea

SEB Merchant Banking

Swedbank

The date of this Prospectus is 19th November, 2008

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).

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

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

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

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

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

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

All references in this document to “SEK” refer to Swedish krona, those to “Yen”, “JPY” and “¥” refer to Japanese Yen, those to “GBP”, “£” and “Sterling” refer to pounds sterling and those to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

RESPONSIBILITY STATEMENT

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

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

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 60) 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. The Volvo Group works daily to identify, measure and manage risk – in some cases it is possible to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond such control, the Volvo Group strives to minimise the consequences. In 2007, the work on a new group-wide risk management model based on the Enterprise Risk Management concept began. The ambition is to have a uniform, forward-oriented, group-wide system where the Volvo Group's risk management is improved even further.

The risks to which the Volvo Group is exposed are classified into three main categories: External-related risk, Financial risk and Operational risk.

External-related risk

The commercial vehicles industry is cyclical

Historically, the Volvo Group's markets have undergone significant changes in demand as the general economic environment has fluctuated. Investments in infrastructure, major industrial projects, mining and housing construction all impact the Volvo Group's operations, since its products are central to these sectors.

The cyclical demand for the Volvo Group's products has, at times, restricted, and may in the future temporarily restrict, the ability of the Volvo Group to manufacture and deliver orders in a timely manner.

To cope with the peaks and troughs in demand, the Volvo Group needs to act appropriately in the various stages of the business cycle. This involves adjusting production capacity 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.

The Volvo Group's brands are well-known and strong in many parts of the world. For the Volvo Group, it is important that all brands in the Volvo Group are developed and supported. Strong brands combined with an attractive product portfolio make it possible for the Volvo Group to be competitive.

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 an economic downturn in the Volvo Group's major markets or worldwide, potentially leading to increased price pressure.

The financial result of the business depends on the Volvo Group's ability to quickly react to changes in demand and particularly to adapt production levels, reduce production and operating expenses, and deliver competitive new products and services.

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 the world's largest producer 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, provided that they are not changed and the product development strategy is well tuned to the introduction of new regulations. The new regulations regarding product emissions are stringent, but the Volvo Group's current assessment is that they are manageable for the Volvo Group. The Volvo Group is engaged in active dialogue covering future regulation with relevant authorities and industry organisations.

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 within the Volvo Group's finance and treasury activities. Monitoring and control that established policies are adhered to is conducted continuously centrally and at each Volvo Group company. Most of the Volvo Group's financial transactions are carried out through the in-house bank of the Volvo Group, i.e. Volvo Treasury, which 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 policies for the management of these risks are described in detail in Notes 36 and 37 in the 2007 Annual Report incorporated by reference in this Prospectus (see “Documents Incorporated by Reference” herein). The Volvo Group’s accounting policies for financial instruments are described in Note 1 in the 2007 Annual Report. Various aspects of financial risk are described separately in the following paragraphs. The overall impact on a company’s competitiveness is also affected however by how various macro-economic factors interact.

Currency-related risk

Approximately 90 per cent. of the net sales of the Volvo Group are 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. Currency-associated risk as applies to the Volvo Group’s business operations relates to changes in the value of contracted and expected future payment flows (commercial currency exposure), changes in the value of loans and investments (financial currency exposure) and changes in the value of assets and liabilities of foreign subsidiaries of the Parent (currency exposure of shareholders’ equity). In addition, currency movements can affect the Volvo Group’s pricing of products sold and materials purchased in foreign currencies as well as those of its competitors, which may be affected differently by such movements. Since the Volvo Group has substantial manufacturing operations in Sweden and generates a substantial portion of its revenues in currencies other than the Swedish krona, the Volvo Group’s earnings in Swedish krona could be adversely affected short-term by an appreciation of the Swedish krona against other currencies.

The objective of the Volvo Group’s currency risk management is to minimise the short-term negative effects of exchange-rate fluctuations on the Volvo Group’s earnings and financial position. The Volvo Group employs forward contracts and currency options to hedge the value of future payment flows in foreign currencies.

Interest-related risk

Interest-related risk include 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). Interest-rate risk can be minimised through “matching” of the fixed interest terms of financial assets and liabilities. Interest rate swaps are used to adjust the fixed interest terms of the Volvo Group’s financial assets and liabilities. Currency rate swaps make it possible to loan from different markets in foreign currencies without assuming currency-associated risk. The Volvo Group also holds standardised futures and forward rate agreements. The majority of these contracts are used to ensure interest rate levels for short-term loaning or investment.

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

The Volvo Group’s extension of credit is governed by Group-wide policies and rules for classifying customers. Efforts are made to ensure that the credit portfolio is reasonably diversified among different customer categories and industries. Credit-associated risk is managed by actively monitoring credit, routines for follow up and in certain cases repossession of materials. Additionally, continuous and necessary reserves are monitored in cases involving uncertain receivables. 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. A healthy balance between short- and long-term borrowing and access to credit in the form of credit facilities are used to hedge long-term financial needs.

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. It is highly important to meet and exceed customer expectations to be competitive in established markets and to be able to expand into additional markets and/or product segments.

Many of the Volvo Group's products take a long time to develop from initial idea to finished product. It is important to involve customers in the early stages of the development process to ensure the success of new products. It is just as important to be at the forefront in the research and development of new technologies that are important to the development of successful products.

Reliance on suppliers

The Volvo Group purchases raw materials, parts and components from numerous outside 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 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.

The companies in the Volvo Group and their suppliers work closely together to manage material flows by monitoring suppliers' financial stability, quality-control systems and production flexibility.

Reliance on the proper protection and maintenance of Volvo Group's 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 Personvagnar AB jointly own the brand "Volvo". The Parent, and subsequently its subsidiaries, has the exclusive right to use the "Volvo" name and trademark for its products and services. Similarly, Volvo Personvagnar AB (and its affiliates) has the exclusive right to use the name and trademark "Volvo" for its products and services. The Volvo Group's rights to use the Renault brands are restricted to the truck operations only and are regulated by a license from Renault SA, 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 finance and management resources that could be used for other purposes.

The Volvo Group continuously reviews its manufacturing and administrative processes with the aim of ensuring that its products and operations meet applicable legal and other regulatory requirements. The Volvo Group also has insurance coverage in certain areas, for example product liability, business interruption and property.

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.

Risk related to the turmoil in the financial environment

The financial turmoil and credit tightening has led to an extreme cautiousness among customers when it comes to deciding on investments, which in turn may cause a decrease in demand for Volvo Group products.

The development of the financial markets during the third quarter of 2008 has led to an intensification of the Volvo Group's work with financial risks. The credit risks are continuously managed through active credit monitoring and there are regular controls that necessary provisions are made for doubtful receivables.

The market conditions during the turmoil also limit the accessibility to credits and loan financing, which may negatively affect customers, suppliers, dealers as well as the Volvo Group. The companies in the Volvo Group and their suppliers work closely together to manage material flows by monitoring suppliers' financial stability, quality-control systems and production flexibility in order to avoid delivery disturbances. A sound balance between short- and long-term borrowing, as well as borrowing preparedness in the form of overdraft facilities, is intended to meet the long-term financing needs of the Volvo Group.

In the course of its operations, the Volvo Group is exposed to residual value risks through operating lease agreements and sales combined with repurchase agreements. The estimated net realisable value of the products is continuously monitored on an individual basis. A decline in prices for used trucks and equipment may negatively affect the consolidated operating income.

The Volvo Group verifies annually, or more frequently if necessary, the goodwill value of its business areas 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. Throughout the year of 2008, the Volvo Group has continuously tested the overvalue for Volvo Bus due to the weak profitability of that business area. Continuous valuation tests have also been performed for other intangible assets where indications of impairment have been identified.

Continued financial turmoil and volatility in interest and currency rates could have an impact on the annual goodwill tests performed for all business areas in the fourth quarter of 2008, as well as on the valuation of other balance sheet items.

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;
- (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.

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.

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.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency subject as set out herein. An overview of the terms and conditions of the Programme and the Notes appears below. 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.

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 in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$15,000,000,000 or its equivalent in other currencies. 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.

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, 2006 and 31st December, 2007, 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 2006' and 'Annual Report and Consolidated Financial Statements for the financial year 2007', respectively:

	<i>2006</i>		<i>2007</i>	
	<i>Consolidated</i>	<i>Non-consolidated</i>	<i>Consolidated</i>	<i>Non-consolidated</i>
Income statements	4	9	4	9
Balance sheets	5	10	5	10
Cashflow statements	8	8	8	8
Notes to the financial statements	12	12	12	12
Audit report	Annex	Annex	Annex	Annex

(b) the audited annual consolidated and non-consolidated financial statements of the Parent for each of the financial years ended 31st December, 2006 and 31st December, 2007, 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 2006' and 'Volvo Group Financial Report 2007', respectively:

	<i>2006</i>		<i>2007</i>	
	<i>Consolidated</i>	<i>Non-consolidated</i>	<i>Consolidated</i>	<i>Non-consolidated</i>
Significant events	–	–	36-39	–
Income statements	87	138	83	132
Balance sheets	88	139	84	133
Cashflow statements	90	141	86	135
Notes to the financial statements	91-137	142-148	87-131	136-142
Audit report	153	153	148	148

(c) the unaudited interim report of the Issuer for the six month period ended 30th June, 2008, including the consolidated financial information set out at the following pages:

Income statements	2
Balance sheets	2
Cashflow statements	3
Accounting Principles	5

(d) the unaudited interim report of the Parent and the Volvo Group for the nine month period ended 30th September, 2008, including the consolidated financial information and other information set out at the following pages:

Comments by the CEO	3
Business Segment Overview	10
Overview of Industrial Operations	11-16
Income statements	17
Balance sheets	18
Cashflow statements	19-20
Accounting Principles	25
Risk and uncertainties	26
Corporate acquisitions and divestments	26

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 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 (whether expressly, by implication or otherwise), 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.

OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following overview 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. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this overview.

Issuer:	Volvo Treasury AB (publ)
Guarantor:	AB Volvo (publ)
Description:	Euro Medium Term Note Programme
Arranger:	Merrill Lynch International
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. BNP PARIBAS Citigroup Global Markets Limited Dresdner Bank Aktiengesellschaft J.P. Morgan Securities Ltd. Merrill Lynch International Nordea Bank AB (publ) 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 law.
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.
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 €50,000 (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.

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 them 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 (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 sets out 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.

FORM 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.

[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 Directive 2003/71/EC (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the Supplement dated [date]] [is] [are] (i) 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 and (ii) available for viewing 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 Directive 2003/71/EC (the “Prospectus Directive”) 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 dated [date]]. Copies of such Prospectuses [and the Supplement] are (i) 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 and (ii) available for viewing 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 Denomination(s): []

(N.B. where multiple denominations above €50,000 (or equivalent) are being used the following sample wording should be followed:

“€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Notes in definitive form will be issued with a denomination above €99,000.”)

(N.B. If an issue of Notes is (i) NOT admitted to trading on a regulated market in the European Economic Area; 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 €50,000 minimum denomination is not required.)

- (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: []
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 Commission Regulation (EC) No. 809/2004 (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] 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) Fixed 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 Fixed 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) Fall back 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: []
(Consider applicable day count fraction if not U.S. dollar denominated)
[Conditions 7(e)(iii) and 7(j) apply/specify other]
17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): [(Give name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (iii) 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]
- (iv) Specified Period(s)/ Specified Interest Payment Dates: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]

- (vi) Additional Business Centre(s): []
 - (vii) Minimum Rate of Interest: [] per cent. per annum
 - (viii) Maximum Rate of Interest: [] per cent. per annum
 - (ix) Day Count Fraction: []
18. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
 - (ii) Calculation Agent, if any, responsible for calculating the interest payable: [Give name and address]
 - (iii) 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]
 - (iv) 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)*
- (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) If redeemable in part:
 - (a) Minimum Redemption Amount: [] per Calculation Amount
 - (b) Higher Redemption Amount: [] per Calculation Amount
 - (iv) 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: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date and notice period required – *N.B. This option will not be available 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*]
24. New Global Note: [Yes]/[No]
25. 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(vi) relate)*
26. 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]

27. 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 Issues*]
28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable
(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)
30. 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

31. (i) If syndicated, names of Managers: [Not Applicable/give names]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names 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.)
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of the placers in the various countries where the offer will take place, to the extent known to the Issuer or the Manager(s))
- [(ii) Date of [Subscription] Agreement: []
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: []
33. Whether TEFRA D rules are applicable or TEFRA rules are not applicable: [TEFRA D/TEFRA rules not applicable]
(TEFRA D Rules will be applicable to all Notes with a maturity of more than 365 days)
34. Additional selling restrictions: [Not Applicable/give details]

Purpose of Final Terms

These Final Terms comprise the final terms required for issue 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. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be 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 securities are already admitted to trading)*
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

The Notes to be issued have been rated:

[S & P: []]

[Moody's: []]

[[Other]: []]

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

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*]

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

[(i) Reasons for the offer: []]

[(ii)] Estimated net proceeds: []]

[(iii)] Estimated total expenses: []]

(N.B. Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (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 is also required.)

5. YIELD (Fixed Rate Notes only)

Indication of yield: []]

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

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

[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. Where the underlying is not an index need to include equivalent information.]

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

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].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE (*Dual Currency Notes only*)

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

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. DERIVATIVE SECURITIES

(N.B. This paragraph 8 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

- (i) Name of the issuer of the underlying security: []
- (ii) ISIN Code of the underlying security: []
- (iii) Relevant weightings of each underlying in the basket: []
- (iv) Adjustment rules in relation to events concerning the underlying: []
- (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 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) New Global Note 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 upon 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 "Form 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, and as further modified by a Twelfth Supplemental Trust Deed dated 19th November, 2008 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 and is 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 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, being at 19th November, 2008 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. 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) 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 of 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) 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 London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) (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 (if other than London and any Additional Business Centre) and 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.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the 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 sub-unit 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, upon due presentation thereof, 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 non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively); 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, its territories, its possessions and other areas subject to its jurisdiction)).

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, unmatured 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 or Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for

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

Upon the date on which any Floating Rate Note, 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 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 against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

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) 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) 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) the relevant place of presentation;

(B) London; and

(C) any Additional Financial Centre specified in the applicable Final Terms; and

(ii) 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 (if other than the place of presentation, London and any Additional Financial Centre (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.

(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) 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 Higher 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. If purchases are made by tender, tenders must be available to all Noteholders alike.

(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 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 a 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 presented for payment 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.\$60,000,000 (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, shall be 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.

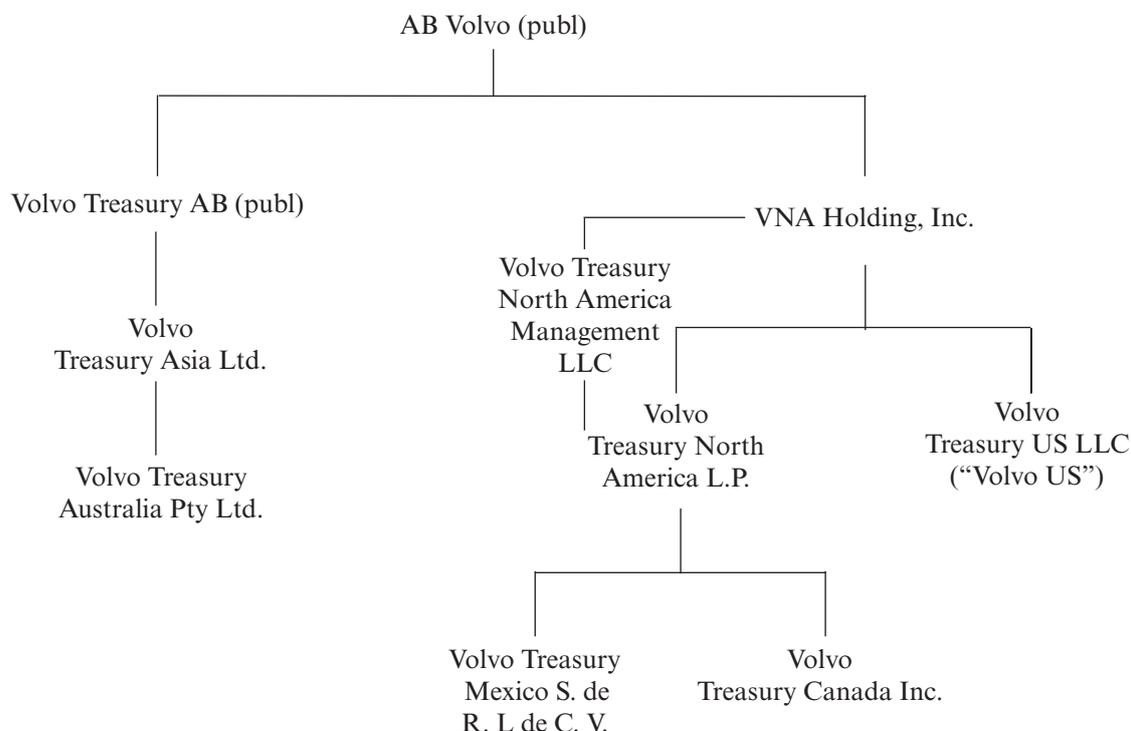
The Issuer and the Parent have in the Trust Deed appointed VFS Financial Services (UK) Limited at its registered office for the time being (being at 19th November, 2008 at Wedgnock Lane, Warwick CV34 5YA) as their agent in England for service of process on their behalf and have agreed that in the event of VFS Financial Services (UK) 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 at Box 11005, SE-404 21 Göteborg, Sweden and visiting address at Lilla Bommen 1, SE-411 04 Göteborg, Sweden. The telephone number of the office is +46 31 66 95 00. As at 19th November, 2008, the issued share capital of the Issuer amounted to SEK 500 million, which is divided into 5,000,000 ordinary shares at a par value of SEK 100 each, and the authorised share capital amounted to SEK 2 billion.

The Issuer, Volvo Treasury North America L.P., Volvo US 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 2007 Annual Report of the Parent incorporated by reference in this Prospectus (see “Documents Incorporated by Reference” herein).

Management of Volvo Treasury

Anders Osberg	President, Volvo Treasury AB (publ), Chairman of the Board of the Association of Swedish Treasurers
Ulf Niklasson	Head of Treasury and Trading, Volvo Treasury AB (publ)
Martin Sandberg	Acting Chief Financial Officer, Volvo Treasury AB (publ) from 10th November, 2008.
Sune Martinsson	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 Box 11005, SE-404 21 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, Chairman of the Board of the Association of Swedish Treasurers
Thomas Alexandersson	Employee Representative
Rikard Bentelius	Corporate Legal Counsel, AB Volvo (publ)
Fredrik Brunell	Vice President, Head of Corporate Finance, AB Volvo (publ)
Brian Dumbill	Senior Vice President and Chief Financial Officer, Volvo Financial Services
Christer Johansson	Vice President, Investor Relations, AB Volvo (publ)
Karl Axel Skantz	Employee Representative

Deputy members of the Board

Linnea Pilhem Hellenäs	Deputy Employee Representative
Tommy Olsson	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 Box 11005, SE-404 21 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. Two PwC partners, Göran Tidström and Johan Rippe, are responsible for the audit of the Issuer. Göran Tidström has primary responsibility. 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 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 Parent 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 and maintenance of aircraft engines 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.

Headquartered in Göteborg, Sweden the Volvo Group had 103,123 employees as at 30th June, 2008. With 55 per cent. of sales in Europe, 16 per cent. in North America, 6 per cent. in South America and 18 per cent. in Asia in the first six months of 2008, the Volvo Group operates in an international environment with production and assembly carried out on six continents. Its shares are traded on the Stockholm Stock Exchange in Sweden.

In December 2007, the Parent applied for delisting of the Parent’s shares from The Nasdaq Stock Market (the “NASDAQ”) in the US and for deregistration of the Class B share from the US Securities and Exchange Commission (the “SEC”). The Parent’s American Depositary Receipts (“ADRs”), which correspond to B shares, have been listed on NASDAQ since 1985. The Parent intends to maintain the programme for ADRs. The delisting became effective on 13th December, 2007. Following the delisting, all trading in the Parent’s shares is concentrated to OMX Nordic Exchange Stockholm.

The Parent’s shares have previously been delisted from among others the stock exchanges in Tokyo, London, Paris, Brussels, Oslo and Helsinki, as well as from the exchanges in Germany and Switzerland.

Organisational Structure

The Volvo Group’s operations are organised in nine business areas: Volvo Trucks, Renault Trucks, Mack Trucks, Nissan Diesel, Buses, Construction Equipment, Volvo Penta, Volvo Aero and Financial Services. In addition to the nine business areas, there are certain operations, consisting mainly of service companies that are designed to support the business areas’ operations. In the financial reporting the business areas Volvo Trucks, Renault Trucks, Mack Trucks and Nissan Diesel 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. A clear majority of Mack vehicles employ drivelines manufactured in-house, a unique feature in the North American truck industry. In addition, Mack trucks are sold and serviced in more than 45 countries.

Nissan Diesel

Nissan Diesel was established in 1935 to produce diesel engines and introduced its first line of trucks in 1940. Nissan Diesel's products range from medium-heavy to heavy-duty trucks used for long-haul, regional transport and construction operations as well as buses. Nissan Diesel 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.

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 three areas of activity: Marine Leisure, Marine Commercial 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 Financial Report 2007, 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

The Volvo Group had an intense 2007. During the year the Volvo Group carried out several major acquisitions, established a strong presence in Asia, advanced its positions in important product segments and launched many new products. The Volvo Group also managed widely shifting demand trends in its main markets – with continued growth in Europe, Asia and South America and a sharp decline in North America.

Strong growth

Following the acquisitions of Nissan Diesel, Lingong and Ingersoll Rand's road development division, the Volvo Group now has a significant industrial structure in Asia, with a presence in Japan, China and also in India through the joint venture with Eicher. The Volvo Group's operations are now anchored on a strong global base, in which growth in Eastern Europe and Asia offset the weak development in North America. During the year, more than 40 per cent. of sales were from markets outside the Volvo Group's traditional home markets in Western Europe and North America.

The Volvo Group's sales rose 10 per cent. to slightly more than SEK 285 billion, while operating income was up 9 per cent. to more than SEK 22 billion. The operating margin of 7.8 per cent. was at the 2006 level. The margin was negatively affected by the weak development in North America and substantial integration costs, which initially result in lower profitability in acquired companies. The Volvo Group's Industrial operations generated a strong cash flow, SEK 15.2 billion during 2007.

Strong Europe and weak North America

The shifting market conditions were most apparent in the Volvo Group's truck operations. The Volvo Group had good stability and high profitability in Europe, where the Volvo Group increased deliveries despite already strained production. The Volvo Group is now investing to expand capacity and improve productivity. In Kaluga, south of Moscow, a new assembly plant for both Volvo Trucks and Renault Trucks is being constructed. Renault Trucks has also signed a cooperation agreement with Turkish Karsan covering production of Renault Trucks to the growing markets in Turkey and neighbouring countries. Combined with previously decided investments in engine manufacturing among other areas, this means that the capacity of the truck operations is being increased.

Following the acquisition of Nissan Diesel, Asia is the Volvo Group's largest truck market. Nissan Diesel has a strong market position in many countries in the region, with a distinct leadership in the environmental area. There are many important growth markets in Asia – China is already the world's largest truck market.

In North America, a new generation of engines that comply with the world's most stringent emission legislation was introduced, which marked the final step in the transition to one global engine platform for the Volvo Group's truck operations. The Volvo Group also carried out significant changeovers in the industrial system and combined with the weak demand, these measures adversely affected profitability.

Important acquisitions for Construction Equipment

Construction Equipment's net sales rose 27 per cent., a growth that was both organic and driven by acquisitions. The business area made major advances in Asia following the acquisition of Lingong and Ingersoll Rand's road development division, while at the same time product renewal was substantial. In most areas of the world, the demand for construction equipment was strong and Volvo's CE's manufacturing was heavily strained after having hit capacity limits. This led to increased production costs which in combination with integration costs and unfavourable currencies decreased profitability.

Volvo Buses had a struggling year and strong measures are required for profitability to reach satisfactory levels. During the year, Buses introduced the new Euro 4 engines based on the new engine platforms and they are far ahead in the environment area, including hybrid buses in the commercial phase. Buses is now being integrated closer to the truck companies and their purchasing organisation, with a focus on joint solutions, reduced costs and increased profitability.

Penta captures market shares

Volvo Penta's marine engines continued to capture market shares, due particularly to the revolutionary IPS propulsion system, which was launched for larger boats. Markets were strong in the industrial engine segment and Volvo Penta advanced its positions with a renewed product program based on the Group's new engine platforms.

Volvo Aero ended the year with a rising operating margin during the second half due to continued favorable profitability in the component operations and an improved aftermarket business. Volvo Aero had major successes in its participation in the GENx aircraft engine program and has scored a breakthrough with its lightweight technology for aircraft engine components.

Combined with the Volvo Group's broadened range of services, accessories and spare parts, the customer financing activities in Financial Services are an important component in the Volvo Group's striving toward an in-depth cooperation with the customers. Financial Services continued to develop well, with stable profitability and favourable return.

Responsibility for sustainable development

The threat to the climate is the greatest problem of our time. As one of the world's largest vehicle manufacturers, the Volvo Group has a responsibility to reduce the environmental impact from its own production and from its products.

Already in the Volvo Group's business concept, it is stated that the combined knowledge to provide transport-related products and services with superior quality, safety and environmental care will be applied. The Volvo Group has a long tradition of responsible business and has the financial and technical prerequisites demanded to develop the vehicles that future customers will want. During the year, the Volvo Group has displayed seven trucks, all of which could be driven carbon-dioxide neutral. The trucks are equipped with diesel engines modified to operate on seven different renewable fuels. The Volvo Group is also far advanced within hybrid technology development and environmental care is one of the most prioritised areas.

Long-term profitability generates shareholder value

As a result of the development in recent years, the Volvo Group had strengthened its profitability and its ability to generate good cash flows, and in 2007 slightly more than SEK 20 billion was transferred to the shareholders through dividends and share redemptions.

Strategy focusing on creating value

The Volvo Group's strategy is based on customers' requirements and focused on profitable growth, product renewal and internal efficiency. Profitable growth and product renewal represent the Volvo Group's

approach to developing its markets, products and services in order to strengthen the Group's development. Internal efficiency involves increasing competitiveness and profitability in current operations. To be successful, this strategy must be implemented rapidly.

Customer requirements

The customers of the Volvo Group conduct primarily transport-related operations. They place high standards on products and services. In a market characterised by intense competition, customer satisfaction is a key factor, as it represents an assurance of future sales and is a condition of strong profitability.

The products and services have high performance characteristics, quality, safety, flexibility and total economy. Customers are offered solutions adapted to their operations, regardless of whether they involve a single product or a full programme involving products and financing, insurance and various service contracts.

The products and services are developed in close cooperation with customers, with the goal of contributing to improving the customers' productivity and profitability, and thus creating value. Intensive cooperation with customers is crucial to enable the Group to better understand customers' requirements and to match their expectations with the right offering.

The level of quality of the offering is also determined by how customers are treated and how the services are performed. Product characteristics and quality are highly significant, but equally important are knowledge, values, attitudes and behaviour of the Volvo Group employees.

In the past few years, the Volvo Group has intensified its relationships with key customers. The advantages are many. The Group can support customers' growth in an even better manner than previously, and intensified relationships result in increased penetration of both the product and the service range. The extended offering creates advantages for both the Volvo Group and its customers.

Profitable growth

The Volvo Group's aim is to continue to grow while focusing on profitability. Growth is to occur both organically and through acquisitions. The aim is to grow by 10 per cent. a year over a complete business cycle. Over half of growth is to be organic, while the remaining portion is to come from acquisitions. The acquisitions are to take place in strategic markets and in strategic product segments.

Profitable growth is a necessary condition of the Volvo Group's continuing to strengthen its competitiveness and develop as a cooperation partner to customers with high demands. There is particularly strong growth potential in supplemental business relating to service and to services in which significant effort is invested to give the customer a more complete offering. Profitability is essential to assure investments in research and the development of new products and services, as well as a favourable return for the shareholders.

Product renewal

The ongoing renewal of the Volvo Group's product range and creation of new and better products and services is both a matter of survival and a challenge. Intense competition, new environmental standards and safety and quality requirements involve significant demands on the entire product development process.

The development of new, innovative technology is key to the success of future product generations, and to maintaining market-leading positions. Efforts are constantly under way within the Volvo Group to improve the performance of products – this strengthens current competitiveness. At the same time, research looking further into the future is conducted to achieve new technical breakthroughs that will contribute to reduced environmental impact and meet future requirements. Product development represents an assurance of value creation in the future.

Internal efficiency

The Volvo Group has a clear focus on efficiency, particularly in relation to profitability and customer satisfaction. The Group strives to optimise cost-efficiency and productivity in all sectors of its operations. This promotes higher profitability and places the Group in a better position to handle economic fluctuations.

Part of the internal cost-efficiency work involves reducing production costs and the costs of sales and administration. Product costs must be constantly monitored to create competitiveness without compromising on quality. Getting it right from the start increases customer satisfaction, keeps costs down and saves time and energy. The Volvo Group's capacity to handle development projects, combined with its ability to rapidly introduce processes for new ways of working, contributes to increased profitability.

Recent Developments – Significant Events

Negotiations with the US union, The United Auto Workers Union

The former agreement between Mack Trucks and The United Auto Workers Union (UAW), the American union for vehicle workers for the North American operations, was due 30th September, 2007. The agreement has been prolonged on a day-to-day basis and there are ongoing negotiations with the UAW. At present, it is not possible to estimate the outcome of the negotiations, but there is a risk that the outcome may have a significant negative effect on the consolidated operating income.

Final agreement with Indian vehicle manufacturer Eicher

In December 2007, the Volvo Group signed a letter of intent with the Indian vehicle manufacturer Eicher Motors Limited regarding the establishment of a new Indian joint-venture company. The joint-venture company will have its production mainly concentrated to Eicher's current plant in Pithampur in India. The joint-venture company will have about 2,300 employees and the operations within the joint-venture company that come from Eicher Motors had sales in 2006 of about SEK 3.0 billion and operating income of SEK 128 million. The operating margin for 2006 was 4.2 per cent. Implementation of the transaction requires the approval of the affected government authorities and the shareholders in Eicher Motors Limited. In May 2008, the Volvo Group signed a final agreement with Eicher Motors. The joint venture, with the proposed name VE Commercial Vehicles Ltd. comprises Eicher Motors' entire truck and bus operations and the Volvo Group's Indian truck sales operations and service network for trucks and buses. In accordance with the agreement, Eicher Motors transfers its entire truck and bus operations and its components business as well as operations within technical consulting services to VE Commercial Vehicles. Eicher Motors' production of motorcycles will not be included. AB Volvo will have direct ownership of 45.6 per cent. of the joint-venture company. Volvo is also acquiring 8.1 per cent. of Eicher Motors Limited from the majority owner. The transaction was completed on 1st August, 2008, so that AB Volvo's 50 per cent. interest in the joint-venture company was consolidated during the third quarter of 2008.

Strike at New River Valley Plant

On 1st February, 2008, the UAW called a strike for the slightly more than 2,600 members at the New River Valley assembly plant in Dublin, Virginia, USA. The strike stopped practically all production in the plant for almost two months. In total, the strike had a negative impact on operating income during the first quarter amounting to approximately SEK 250 million.

On 15th March, 2008, it was announced that employees represented by the UAW had ratified a new three-year agreement that ended the strike. Employees returned to work on 24th March, 2008, when the plant began ramping up to an average production rate of 146 vehicles a day to make up for the production that was lost during the strike.

However, given the weak demand in the North America truck market, in April 2008, a decision was taken to adjust production to a level more consistent with market demand. Originally, the production adjustment was

planned to take place in February, before the strike broke out. The adjustment will entail moving from two shifts to one in May and consequently about 1,100 employees will be laid off.

Volvo Buses plans to close plant in Tampere, Finland and to sell body plant in Turku

On 5th March, 2008, it was announced that Volvo Bus Finland was to initiate negotiations with representatives of the employees with the intention to close the bus body plant in Tampere. On 24th April, 2008, the decision to close the plant was announced. There are also plans to reorganise operations at the body plant in Turku to increase the competitiveness. In total, 237 employees will be affected. Currently, Volvo Buses has an overcapacity in its European bus body production system and foresees that this will be the case also in the coming years. The intention is to adjust production capacity as a part of the strategy to strengthen Volvo Buses' profitability. During the first quarter of 2008, a provision amounting to SEK 120 million was made regarding Volvo Buses' plans to adjust the production capacity.

In July, 2008, it was announced that Volvo Buses had signed a letter of intent covering the sale of the body plant in Turku, Finland. The sale is part of the company's efforts to enhance the efficiency of the European operations. The plant in Turku produces bodies for the Volvo 9700 model. The plant is the smallest plant within Volvo Buses, primarily producing for the Nordic markets. During 2007, 160 bodies were produced.

AB Volvo reaches settlements with DOJ and SEC

On 20th March, 2008, it was announced that the Parent has entered into a consent agreement with the U.S. Securities and Exchange Commission (SEC) and a deferred prosecution agreement with the U.S. Department of Justice (DOJ) resolving issues related to the activities of two of its subsidiaries in Iraq under the Oil-for-Food Program. The settlements include a total of approximately SEK 117 million in fines, disgorgement of past profits and interest. The effect of the financial settlements on the operating income for the first quarter of 2008 is approximately SEK 60 million.

Europe's first hybrid refuse truck presented

In April 2008, Volvo Trucks took an important step towards commercialisation of the fuel-saving hybrid technology for heavy vehicles by presenting two hybrid refuse trucks that will be tested in regular daily operations in Sweden by refuse collection firms Renova and Ragn-Sells. The hybrid refuse trucks are expected to use up to 20 per cent. less fuel and thus cut carbon dioxide emissions by a corresponding amount. What is more, one of the trucks is equipped with an extra battery pack that drives the refuse compactor, and this is charged via the main electrical system when the truck is parked overnight. Its total reduction in carbon dioxide emissions is expected to be as much as 30 per cent., giving this approach a better eco-effect than for instance a truck powered by natural gas. Electric power has the added advantage of being entirely exhaust-free and emitting low noise, important considerations for refuse collection vehicles that often operate in urban areas early in the morning. Volvo Trucks will start producing hybrid trucks in 2009.

Annual General Meeting of AB Volvo 2008

At the Annual General Meeting of the Parent held on 9th April, 2008, the Board's proposal was approved to pay an ordinary dividend to the shareholders of SEK 5.50 per share.

Peter Bijur, Tom Hedelius, Leif Johansson, Finn Johnsson, Philippe Klein, Louis Schweitzer, Ying Yeh and Lars Westerberg were re-elected members of the Board of AB Volvo and Ravi Venkatesan was newly elected. Finn Johnsson was elected Board Chairman. Per-Olof Eriksson was not available for re-election.

The Board's Chairman Finn Johnsson, Carl-Olof By, representing AB Industrivärden, Lars Fröberg, representing Violet Partners LP, Anders Oscarsson, representing SEB funds/Trygg Försäkring and Thierry Moulounguet, representing Renault s.a.s. were elected members of the Election Committee.

The Meeting resolved to adopt new guidelines for remuneration to senior executives. In addition, the Meeting resolved to adopt a new share-based incentive program during the second quarter of 2008 for senior executives in the Volvo Group. So that Volvo shall be able to meet its commitment in accordance with the

program, with limited cash flow effect, the Meeting further resolved that Volvo may transfer own shares (treasury stock) to the participants in the programme.

Volvo Group entered into a SEK 6.2 billion loan agreement

In July 2008, the Issuer successfully entered into a SEK 6.2 billion (YEN 110 billion) cross-border syndicated loan agreement. The issuer decided to use syndicated lending from Japanese financial institutions to diversify its funding source.

Volvo Aero entered into two major engine programs

In July 2008, it was announced that Volvo Aero has entered into an agreement with aircraft manufacturer Pratt & Whitney to join P&W's Geared Turbofan engine program. Volvo Aero will be responsible for three major components in the aircraft engines for both the Mitsubishi Regional Jet (MRJ) and the Bombardier CSeries. For Volvo Aero the agreement is expected to result in sales of SEK 50 billion over 40 years, the company's largest involvement in a commercial engine program ever.

Also, in July 2008, it was announced that Volvo Aero and Rolls-Royce have entered into a risk and revenue sharing agreement for the Trent XWB engine for the Airbus A350XWB aircraft, under which Volvo Aero will develop and manufacture the intermediate compressor case, a key engine component. Volvo Aero estimates the value of the contract to be approximately SEK 40 billion over 40 years.

Volvo CE to move motor grader business as part of North American consolidation plan

Volvo Construction Equipment (Volvo CE) will move its North American motor grader activities currently located on Goderich, Ontario, Canada, to the company's facility in Shippensburg, Pennsylvania, USA. Volvo CE incurred a restructuring cost of SEK 300 million which was recorded in the third quarter of 2008.

Volvo Group moves ahead in hybrids

The Volvo Group is now introducing the fourth-generation hybrid solution on a broad front in buses, trucks and construction equipment. The Group's hybrid solution for heavy vehicles is completely different from anything that has existed in the market to date. As a result of the combined volumes and resources, the Volvo Group has succeeded in developing a more standardised platform solution, which is a prerequisite for the hybrid technology's ability to have a widespread commercial impact in the market for heavy vehicles.

At the IAA trade show in Hannover in September 2008, Volvo Buses showcased the market's first commercially viable hybrid bus, the Volvo 7700 Hybrid with up to 30 per cent. lower fuel consumption and hybrid components from Volvo.

Mack and Volvo Trucks launch North American optimisation plan

Mack Trucks and Volvo Trucks North America have jointly formulated a plan for increasing the efficiency of their North American operations. The plan includes the relocation of Mack's head office from Allentown, Pennsylvania, to Greensboro in North Carolina, and a concentration of Mack's truck production to the plant in Macungie, Pennsylvania. Out of USD 60 million in restructuring costs, USD 5 million (SEK 30 million) impacted the third quarter. The majority of the remaining cost is expected to be recorded in the fourth quarter in 2008.

Further recent developments

The unaudited interim report of the Parent and the Volvo Group, for the nine month period ended the 30th September 2008, which is incorporated by reference as set out at page 15 in this Prospectus, describes further recent developments.

Total deliveries of trucks from the Volvo Group's truck operations in October 2008 amounted to 22,136 which is a decrease of 12 per cent, compared with the year-earlier period.

In the current uncertain macro economic environment, customers continue to be very cautious and are in many cases waiting with their investment decisions. In Europe, the weak order intake trend from the third quarter continues with net order intake being negatively affected by a further weakening inflow of new orders as well as a substantial level of cancellations of previously placed orders. A weakened demand is also noted outside Europe and North America. Volvo Trucks and Renault Trucks are responding to the weakening demand by reducing production rates in the fourth quarter by taking stop days and stop weeks in the European manufacturing system, in particular in December.

Total deliveries by market for the Volvo Group's truck operations (Mack, Renault Trucks, Volvo Trucks, Nissan Diesel and Eicher):

Delivered Units Volvo Group	Isolated month		Change	Year-to-Date		Change
	2008	2007		2008	2007	
Europe	10,074	14,036	-28%	107,076	102,366	5%
Western Europe	8,168	10,904	-25%	83,208	80,556	3%
Eastern Europe	1,906	3,132	-39%	23,868	21,810	9%
North America	2,443	3,305	-26%	24,954	25,363	-2%
South America	1,918	1,586	21%	15,261	12,031	27%
Asia	5,827	4,372	33%	50,181	30,191	66%
Middle East	1,925	996	93%	13,956	8,286	68%
Other Asia	3,902	3,376	16%	36,225	21,905	65%
Other markets	1,874	1,918	-2%	16,551	15,097	10%
Total Volvo Group	22,136	25,217	-12%	214,023	185,048	16%

Management

Corporate bodies in corporate governance

The governance and control of the Volvo Group is carried out through a number of corporate bodies. At Annual General Meetings, 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. An Election Committee proposes candidates to serve as Board members, Board Chairman and external auditors. The Board is responsible for the Volvo Group's long-term development and strategy as well as controlling and evaluating the company's operations. In addition, the Board appoints the President of AB Volvo, who is also the Chief Executive Officer (the "CEO"). The duties of the Board are partly exercised through its Audit Committee and its Remuneration Committee. The CEO is in charge of the daily management of the Volvo Group in accordance with guidelines and instructions provided by the Board.

The CEO is in charge of the daily management of the Group through primarily two different bodies, the Group Executive Committee and the business areas' and business units' Boards of Directors. The Volvo Group Executive Committee comprises those who report directly to the CEO. At year-end 2007, there were 18 Group Executive Committee members including the CEO. The Group Executive Committee comprised Presidents of the Group's business areas as well as President of Nissan Diesel and the President of Volvo Powertrain business unit, who is also the Senior Vice President Technology for the Volvo Group. The Group Executive Committee also includes the Executive Vice President, who is also the Deputy CEO, the Chief Financial Officer and Heads of the Group's staff units. Meetings, which are led by the CEO, deal with Group-wide issues and issues affecting more than one business area/unit, and supply information concerning the Volvo Group's performance. The CEO or another member of the Group Executive Committee is the Chairman of the Board for the Boards of all business areas and business units and these comprise mainly of other members of the 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.

Swedish Code of Corporate Governance

The Volvo Group applies the Swedish Code of Corporate Governance (the "Code"). The Board's report regarding internal controls over the financial reporting is included as a special section of this Corporate Governance Report, in accordance with application instructions from the Swedish Corporate Governance Board. Between 1st January, 2007 and 31st December, 2007, the Volvo Group did not deviate from any of the Code's regulations that were applicable during this period, with the exception of paragraph 4.2.1. The exception is that Tom Hedelius is a member of the Remuneration Committee even though he is not, according to the Code, independent in relation to the company and the company management since he has been a member of the Board of Directors of the company for more than 12 years. The Board considers, however, Tom Hedelius to be well suited as a member of the Remuneration Committee, regardless of the fact that he has been a Board member for a long time.

Election Committee

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

In conjunction with the Election Committee proposing candidates for Chairman and the other members of the Board, the Election Committee shall comment on whether those persons who are proposed are to be considered as independent in relation to the Volvo Group and management of the Volvo Group as well as to large shareholders in the Parent. The Election Committee's proposal shall be presented to the Parent in sufficient time to be able to be included in the notice of the Annual General Meeting and at the same time published on Volvo Group's website.

At the Parent's Annual General Meeting in 2007, new instructions for the Election Committee were adopted. According to these instructions, the Annual General Meeting shall select five members for the Election Committee, of which four shall represent the largest shareholders in the company, in terms of the number of votes, who have expressed their willingness to participate in the Election Committee. In addition, one of the members shall be the Chairman of the Board. Additionally, the Election Committee can offer other larger shareholders to appoint one representative as a member of the Election Committee. If such an offer is made, it should be directed in turn to the largest shareholder in terms of voting rights not already being represented on the Election Committee. The number of members on the Election Committee may not exceed seven however.

The Election Committee, which was appointed at the Parent's Annual General Meeting in 2007 in accordance with the new instructions, comprised the Parent's Chairman Finn Johnsson, Carl-Olof By, representing Svenska Handelsbanken, SHB Pension Fund, SHB Pensionskassa, SHB Employee Fund and Oktagonen, Lars Förberg, representing Violet Partners LP, Björn Lind, representing SEB Fonder/Trygg Försäkring and Thierry Moulouguet, representing Renault s.a.s. The Election Committee elected Thierry Moulouguet as Chairman. During 2007, the Election Committee appointed Eva Halvarsson, representing Andra AP fonden, as a member of of the Election Committee. Due to a change in the shareholder structure, Eva Halvarsson was replaced in August 2007 by Christer Elmebogen, representing AMF Pension. The Election Committee also appointed Bengt Kjell, representing AB Industrivärden as a member of the Election Committee.

The 2008 Annual General Meeting elected the Board Chairman Finn Johnsson, Carl-Olof By, representing AB Industrivärlden, Lars Fröberg, representing Violet Partners LP, Anders Oscarsson, representing SEB funds/Trygg Försäkring and Thierry Moulouguet, representing Renault s.a.s. as members of the Election Committee.

The Board

In 2007, the Parent's Board of Directors consisted of nine members elected by the Annual General Meeting. In addition, the Board had three members and two deputy members appointed by employee organisations. The CEO, Leif Johansson, was a member of the Board.

During 2007, six regular meetings, one statutory meeting and one extraordinary meeting were held.

The Board 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 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 decides on the fees to be paid to the Board members elected by the shareholders. The Annual General Meeting held on 4th April, 2007 approved a total fee to the Board, for the time until the end of the next Annual General Meeting, of SEK 5,725,000 to be distributed among the Board Members according to the following. The Chairman of the Board receives a fee of SEK 1,500,000 and each of the remaining members SEK 500,000, with the exception of the President. In addition, the Chairman of Audit Committee shall receive SEK 250,000 and the other two members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

During the year, the Board reviewed the business plans and strategies for the various businesses in the Volvo Group. The Board also reviewed the financial positions of the Parent and the Volvo Group on a regular basis and acted in order to ascertain that there are efficient systems in order to follow-up and control the business and financial position of the Volvo Group. In connection therewith, the Audit Committee was responsible for preparing for the Board's work to assure the quality of the Volvo Group's financial reporting through reviewing the interim reports and the annual report. In connection therewith, the Board met with the Parent's auditors during 2007. The Board continuously evaluated the performance of the CEO.

During 2007, the Board focused specifically on issues pertaining to the Volvo Group's strategy with regard to Asia and thereby decided to make a public offer for the remaining shares in Nissan Diesel, which resulted in the Volvo Group at year-end owning all shares outstanding in the company. In addition, the Board also decided to sign a letter of intent with the Indian vehicle manufacturer Eicher Motors Limited regarding the establishment of a new Indian joint-venture company. The Board also made the decision to acquire Ingersoll Rand's road development division. In addition, the Board dealt with matters related to the integration of the newly acquired operations into the Volvo Group and matters relating to the development and introduction of new products such as engines that fulfil US 10 environmental requirements, hybrid engines and engines that can operate on renewable fuels. The Board also visited Volvo's facilities in Russia.

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

During 2007, the Board performed its yearly evaluation of the Board's work. The Chairman has informed the Election Committee on the result of the evaluation.

Audit Committee

In December 2002, the Board 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 for 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 than audit the Volvo Group may procure from the company's auditors and to provide guidelines for and decisions on 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 as well as to provide the Election Committee with the results of the evaluation and to assist in preparing proposals for auditors. At the statutory Board meeting following the 2007 Annual General Meeting, Peter Bijur, Ying Yeh, Lars Westerberg and Per-Olof Eriksson were appointed members of the Audit Committee. Per-Olof Eriksson was appointed Chairman of the Audit Committee. The Audit Committee met with the external auditors and Head of Internal Audit at the meetings of the Audit Committee. The Audit Committee has also met separately with the external auditors and the Head of Internal Audit without the presence of the Volvo Group management. The Audit Committee held three meetings during 2007.

Remuneration Committee

In April 2003, the Board established a Remuneration Committee primarily 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 regarding terms of employment and remuneration for the President and Executive Vice President of the Parent, principles for remuneration, including pensions and severance payment for other members of the Group Executive Committee, and principles for variable salary systems, share-based incentive programs, pensions and severance payment 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 Group Executive Committee in accordance with the principles established by the Board.

In 2007, the Remuneration Committee comprised Board members Tom Hedelius, Louis Schweitzer and Finn Johnsson, Chairman. The Remuneration Committee held four meetings during the year.

Disclosure Committee

A Disclosure Committee was established in 2004. The Committee contributes to ensuring that the Volvo Group fulfils its obligations according to applicable legislation as well as to listing rules to timely disclose to the financial market all material information that affects the share price. The Committee comprises the heads of the departments Corporate Finance, Internal Audit, Investor Relations, Corporate Legal, Business Control and Financial Reporting.

Board of Directors

Finn Johnsson	Chairman of the Board (since February 2004). Director (since 1998). Chairman of the Remuneration Committee. Master of Business Administration. Chairman of the Boards of West Sweden Chamber of Commerce and Industry, Luvata Oy, Thomas Concrete Group AB, KappAhl AB, City Airline and EFG European Furniture Group AB. Member of the Boards of Skanska AB and AB Industrivärden.
Peter Bijur	Director (since 2006). Member of the Audit Committee. MBA Marketing, BA Political Science. Board member: Gulfmark Offshore Inc.
Tom Hedelius	Director (since 1994). Member of the Remuneration Committee. Master of Business Administration, Hon. Dr. of Economics. Board Chairman: AB Industrivärden, B&B Tools AB, Anders Sandrews Stiftelse and Jan Wallanders och Tom Hedelius stiftelse. Honorary Chairman: Svenska Handelsbanken. Vice Chairman: Addtech AB and Lagercrantz Group AB. Board member: Svenska Cellulosa Aktiebolaget SCA and Lundbergs AB.
Leif Johansson	Director (since 1997). Master of Engineering. President of AB Volvo and Chief Executive Officer of the Volvo Group since 1997. With Volvo since 1997. Board member: Bristol-Myers Squibb Company, Svenska Cellulosa Aktiebolaget SCA, Confederation of Swedish Enterprise and The Association of Swedish Engineering Industries. Member of the Royal Swedish Academy of Engineering Sciences.

Philippe Klein	Director (since 2006). Senior Vice President CEO/COO Office and Corporate Administration, Nissan Motor Co., Ltd.
Louis Schweitzer	Director (since 2001). Member of the Remuneration Committee. Bachelor of Laws. Board Chairman: Renault and AstraZeneca Plc. Chairman of the Supervisory Board Le Mond. Board member: BNP Paribas, Véolia, L'Oréal.
Ying Yeh	BA, Literature & International Relations. Director (since 2006). Member of the Audit Committee. President and Chairman of Kodak North Asia Region.
Lars Westerberg	Director (since 2007). Chairman of the Audit Committee. MSc Engineering, Bachelor Business Administration. Board Chairman: Autoliv Inc., Husqvarna AB and Vattenfall AB. Board member: SSAB and Plastal AB.
Ravi Venkatesan	MBA and MSc Industrial Engineering. Board Chairman: Junior Achievement India, Non Profit Organisation. Board member: Thermax, Non Profit Organisation. Advisory Board Harvard Business School. Advisory Board Indian Institute of Technology. Director (since 9th April, 2008).
Martin Linder*	Director (since May 2004).
Olle Ludvigsson*	Director (since 1988). Deputy Director 1983-1988.
Johnny Rönkvist*	Director (since 1999).
Berth Thulin*	Deputy Director (since 1999).
Margareta Öhlin*	Deputy Director (since 2005).

*Employee representative

Secretary to the Board

Eva Persson

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

Volvo Group Executive Committee

The members of the Volvo Group Executive Committee are appointed by, and report to, the Chief Executive Officer.

The senior executive officers of the Volvo Group are as follows:

Leif Johansson	President of AB Volvo and Chief Executive Officer of the Volvo Group (since 1997). President and CEO of Electrolux Group (1994-1997), President of AB Electrolux (1991-1997), President of Facit AB (1982-1983), President of Husqvarna Motorcyklar AB (1979-1981). Member of Volvo Board (since 1997).
Mikael Bratt	Senior Vice President and CFO (since February 2008). Has held various senior positions in the financial areas in the Volvo Group since 1988, most recently as Vice President Corporate Finance, AB Volvo (since 2002).
Pär Östberg	Senior Vice President of AB Volvo since December 2005. Senior Vice President and CFO of Renault Trucks (2004-2005). Member of the Group Executive Committee since December 2005, responsible for finance, strategy and business development.

Eva Persson	Senior Vice President of AB Volvo and General Counsel of the Volvo Group (since 1997). Member of Group Executive Committee (since 1997), responsible for legal, tax and security matters.
Stefan Johnsson	Senior Vice President of AB Volvo responsible for business units and human resources. Senior Vice President and CFO of the Volvo Group (1998-November 2005). President of Volvo Group Finance Sweden (1994-1998). Member of Group Executive Committee (since 1998).
Per Löjdquist	Senior Vice President of AB Volvo (since 1997), responsible for Corporate Communications and Brand Management. Member of the Group Executive Committee (since 1997).
Jan-Eric Sundgren	Senior Vice President of AB Volvo (since 2006), responsible for Public and Environmental Affairs. Member of the Group Executive Committee (since 2006).
Peter Karlsten	President of Volvo Powertrain and Technical Director of the Volvo Group since 1st December, 2007. Head of Volvo Trucks, Brazil (2001-2003), Head of Volvo Trucks North America truck operations (2003-2007). Member of the Group Executive Committee (since 2007).
Staffan Jufors	President of Volvo Truck Corporation (since 2004). President of AB Volvo Penta (1998-2004). Vice President of Volvo Car Corporation, Olofström (1992-1998). Member of the Group Executive Committee (since 1998).
Stefano Chmielewski	President of Renault Trucks (since 2003). Senior Vice President Sales, Renault Trucks 2001-2003. Various positions with Iveco and Volkswagen 1982-2001. Member of Volvo Group Executive Committee (since 2003).
Dennis Slagle	President and CEO of Mack Trucks Inc. since 2008. President and CEO of Volvo Construction Equipment North America (2003-2008). Member of the Group Executive Committee since 1st April, 2008.
Satoru Takeuchi	President of Nissan Diesel since 21st June, 2007. Member of the Volvo Group Executive Committee since 21st June, 2007.
Håkan Karlsson	President of Volvo Bus Corporation since 2003. President of Volvo Logistics 2000-2003. Member of Group Executive Committee (since 2003).
Tony Helsham	Senior Vice President of AB Volvo responsible for soft products. President of Volvo Construction Equipment 2000 - 2008. President and CEO of Euclid Hitachi Heavy Equipment (1995-1998). President of Volvo Construction Equipment Korea (1998-2000). Member of Group Executive Committee (since 2000).
Göran Gummeson	President of Volvo Penta (since 2004). Various positions with Volvo Penta since 1991, head of Volvo Penta's European operations (1998-2004). Member of the Group Executive Committee (since 2004).
Olof Persson	President of Volvo Construction Equipment (since 1st November, 2008). President of Volvo Aero Corporation 2006 - 2008. Member of Group Executive Committee (since 2006).
Staffan Zackrisson	President of Volvo Aero Corporation (since 1st November, 2008). Has held various positions at Volvo Aero 1979-87 and since 1989. With Uddevalla Invest AB 1987-89. Member of Group Executive Committee (since 1st November, 2008).
Salvatore L Mauro	President of Volvo Financial Services (since 2001). President of Volvo Car Finance Europe (1999-2001). Vice President and CFO Volvo Car Finance Inc. (1993-1996). Member of the Group Executive Committee (since 2001).

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

As at 20th August, 2008, the cumulative shareholdings of the Board members and executive officers correspond 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 Directors 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 to the Parent of the Board of Directors or the senior executive officers and their private interests to the best of the Parent's knowledge.

Major Shareholders

The shares of the Parent are divided into two classes, A Shares and B Shares. Each A Share confers one vote per share and each B Share confers one tenth of one vote per share.

On 30th September, 2008, Renault SAS was known to the Parent to be the holder of shares representing 21.3 per cent. of the votes and 21.8 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2008, SHB (comprises shares held by SHB, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen) held shares representing 5.0 per cent. of the votes and 2.0 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2008, Industrivärden held shares representing 7.7 per cent. of the votes and 3.0 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2008, SEB Funds/Trygg Insurance held shares representing 4.0 per cent. of the votes and 2.4 per cent. of the share capital of the Parent, based on the number of outstanding shares.

On 30th September, 2008, Violet Partners 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.

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, 2008.

On 30th September, 2008, there were approximately 214,950 shareholders of the Parent's shares registered with the Swedish Securities Register Centre, VPC AB ("VPC").

Auditors

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

Litigation

In March 1999, a Volvo FH12 truck was involved in a fire in the Mont Blanc tunnel. The tunnel suffered considerable damage from the fire, which continued for 50 hours. 39 people lost their lives in the fire, and

34 vehicles were trapped in the tunnel. The Mont Blanc tunnel was re-opened for traffic in 2002. Following the closure in October 2003 of an investigation for potential criminal liability for the fire, the trial for unintentional manslaughter started in Bonneville (France) on 31st January, 2005 and lasted until late April 2005. The judgment was given on 27th July, 2005. Volvo Truck Corporation was one of 16 parties tried for unintentional manslaughter. Volvo Truck Corporation was acquitted and not required to pay any civil damages to the plaintiffs. Volvo Truck Corporation's acquittal with regards to criminal charges is final. The question concerning civil damages was however not finally settled by the judgement in the criminal proceedings. A number of civil proceedings related to the fire have been initiated against Volvo companies and many other parties in France, Italy and Belgium. During December 2007, a settlement agreement was concluded whereby Volvo group companies are held harmless and indemnified against all claims related to the tunnel fire.

On 20th March, 2008, it was announced that the Parent has entered into a consent agreement with the U.S. Securities and Exchange Commission (SEC) and a deferred prosecution agreement with the U.S. Department of Justice (DOJ) resolving issues related to the activities of two of its subsidiaries in Iraq under the Oil-for-Food Programme. The settlements include a total of approximately SEK 117 million in fines, disgorgement of past profits and interest. The effect of the financial settlements on the operating income for the first quarter of 2008 is approximately SEK 60 million.

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.

As an effect of the expanding customer finance operations in Russia, receivables for VAT in Russia for the customer finance operations reported by the Volvo Group exceeded the VAT liabilities at year-end 2007 of approximately SEK 250 million. The Volvo Group has won all court cases related to the entitlement regarding these receivables and has during 2008 received payment of a significant part of the receivables.

The Volvo Group is involved in a number of other legal proceedings incidental to the normal conduct of its businesses. The Volvo Group does not believe that any liabilities related to such proceedings are likely to entail any risk, in the aggregate, of having a material effect on the financial condition of the Volvo Group.

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.

Sweden

The Issuer and the Parent have been advised that under Swedish tax laws in effect on the date of this Prospectus there is no withholding tax in respect of payments in respect of any Notes, Receipts or Coupons made by either Issuer or the Parent to individuals not resident for tax purposes in Sweden nor are any Swedish taxes payable by Noteholders, Receiptholders or Couponholders not resident for tax purposes in Sweden on interest or principal received or on redemption of any Notes, assuming that the Notes, Receipts or Coupons are not attributable to a permanent establishment in Sweden. Thus Noteholders, Receiptholders and Couponholders who are not resident for tax purposes in Sweden or for any other reason subject to Swedish income tax or any other taxes are not liable to Swedish tax on payment of interest or principal on, or redemption of, or on capital gains on the sale of, any Notes, Receipts or Coupons.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws in force in Luxembourg at the date of this Prospectus, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

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

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

(ii) *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005 (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

On 3rd June, 2003, the European Union adopted the Directive 2003/48/BC regarding the taxation of savings income in the form of interest payments (the “Directive”). The Directive entered into force on 1st July, 2005.

The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Directive (“Interest”) made by a paying agent within its jurisdiction to the benefit of an individual or an entity without legal personality that meets certain conditions and has not opted to be treated as UCITS for purposes of the Directive (together a “Beneficial Owner”) resident in another Member State.

For purposes of the Directive, a paying agent is broadly defined and especially includes any economic operator who pays Interest to or secures the payment of Interest for the immediate benefit of a Beneficial Owner.

However, during a transitional period, Belgium, Luxembourg and Austria will not apply this automatic exchange of information system and will instead levy a withholding tax on Interest unless the Beneficial Owner of this Interest payment elects for the exchange of information. The rate of this withholding tax will be 15 per cent. during the first three years as from the entry into force of the Directive, 20 per cent. for the subsequent three years and 35 per cent. until the end of the transitional period. Such transitional period will end at the end of the first full fiscal year following the latest of (i) the date on which the European Council unanimously agrees that the United States of America is committed to exchange information upon request and (ii) the date of entry into force of an agreement between the European Community and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra providing for the exchange of information upon request with respect to certain interest payments.

With effect from 1st July, 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) have adopted similar measures (transitional withholding or, upon specific election, provision of information) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, a Beneficial Owner resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, a Beneficial Owner resident in one of those territories.

The Directive has been implemented in Luxembourg by a law dated 21st June, 2005.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the “Programme Agreement”) dated 19th November, 2008, 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.

European Economic Area

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) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (b) at any time to any legal entity, which (and, in relation to Sweden, during each of the two previous financial years) has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (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 (a) 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 and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

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

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “FIEL”) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to 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 (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), 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 FIEL 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 it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus and the applicable Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Sweden

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that the Notes will only be offered to the public in Sweden if (A) the procedure and provisions under “Subscription and Sale” and “European Economic Area” in this Prospectus are complied with; (B) the amount of the Notes offered to each investor is equivalent to at least €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); (C) the minimum denomination of each Note is €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); or (D) the Notes have a maturity of less than one year.

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 is a regulated market for the purposes of Directive 2004/39/EC.

Documents Available

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

- (i) the constitutional documents in English of the Issuer and the Parent;
- (ii) the financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2006 and 31st December, 2007 and the consolidated financial statements of the Issuer and the Parent in respect of the financial years ended 31st December, 2006 and 31st December, 2007, 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), the Agency Agreement;
- (v) a copy of this Prospectus;
- (vi) any future prospectuses, offering circulars, information memoranda, supplements, documents incorporated by reference and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holders must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to the identity of such holders) relating to the Programme; and

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

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

Clearing Systems

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

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

Conditions for determining price

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

Significant or Material Change

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

- (i) no significant change in the financial or trading position of the Issuer since 30th June, 2008;
- (ii) no significant change in the financial or trading position of the Parent or the Volvo Group since 30th September, 2008; and
- (iii) no material adverse change in the prospects of the Issuer, the Parent or the Volvo Group, in each case, since 31st December, 2007.

Litigation

Except as described on pages 76 and 77 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, 2006 and 31st December, 2007. PricewaterhouseCoopers AB is a member of FAR (the professional institute for authorised public accountants (*auktoriserade revisorer*), approved public accountants (*godkända revisorer*) and other highly qualified professionals in the accountancy sector in Sweden).

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

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

Post-issuance information

With respect to issues of Notes which are derivative securities, the Issuer does not intend to provide any post-issuance information in relation to any underlying assets.

Certificates and reports

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

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