

## **ANNUAL GENERAL MEETING OF AB VOLVO (publ)**

AB Volvo (publ) hereby gives notice to attend the Annual General Meeting in Göteborg, Lisebergshallen, entrance from Örgrytevägen, Thursday, April 4, 2013, at 3:00 p.m. Liseberg's main entrance opens at 12.30 p.m. and the doors to meeting hall open at 1.30 pm.

### **Proposed agenda**

Matters:

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Verification of the voting list
4. Approval of the agenda
5. Election of minutes-checkers and vote controllers
6. Determination of whether the Meeting has been duly convened
7. Presentation of the work of the Board and Board committees
8. Presentation of the Annual Report and the Auditors' Report as well as the Consolidated Accounts and the Auditors' Report on the Consolidated Accounts. In connection therewith, speech by the President
9. Adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet
10. Resolution in respect of the disposition to be made of the Company's profits
11. Resolution regarding discharge from liability of the members of the Board and of the President
12. Determination of the number of members and deputy members of the Board of Directors to be elected by the Meeting
13. Determination of the remuneration to be paid to the Board members
14. Election of the Board members and Chairman of the Board
15. Election of members of the Election Committee
16. Resolution on the adoption of a Remuneration Policy for senior executives
17. Resolution on the Board of Directors' proposal for an amendment of the Articles of Association
18. Resolution on shareholder's proposal for an amendment of the Articles of Association
19. Resolution on shareholder's proposal for increasing apprenticeships

### **Motions**

**Point 2:** The Election Committee proposes Sven Unger, Attorney at law, to be the Chairman of the Meeting.

**Point 10:** The Board of Directors proposes payment of a dividend of SEK 3.00 per share. Tuesday, April 9, 2013, is proposed as the record date to receive the dividend. If the Annual General Meeting resolves in accordance with the proposal, payment of the dividend is expected to be performed through Euroclear Sweden AB on Friday, April 12, 2013.

**Point 12:** The Election Committee proposes nine members and no deputy members.

**Point 13:** The Election Committee proposes that the Chairman of the Board is awarded SEK 2,250,000 and each of the other Board members elected by the Annual General Meeting SEK 750,000 with the exception of the President. Furthermore, it is proposed that the Chairman of the Audit Committee is awarded SEK 300,000 and the other members in the Audit Committee SEK 150,000 each and that the Chairman of the Remuneration Committee is awarded SEK 125,000 and the other members of the Remuneration Committee SEK 100,000 each.

**Point 14:** The Election Committee proposes re-election of Peter Bijur, Jean-Baptiste Duzan, Hanne de Mora, Anders Nyrén, Olof Persson, Carl-Henric Svanberg, Ravi Venkatesan, Lars Westerberg and Ying Yeh. The Election Committee further proposes re-election of Carl-Henric Svanberg as Chairman of the Board. A presentation of the candidates proposed by the Election Committee is available on AB Volvo's website; [www.volvokoncernen.se](http://www.volvokoncernen.se) or [www.volvogroup.com](http://www.volvogroup.com).

**Point 15:** The Election Committee proposes that Carl-Olof By, representing AB Industrivärden, Lars Förberg, representing Violet Partners LP, Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen, Yngve Slyngstad, representing Norges Bank Investment Management, and the Chairman of the Board of Directors are elected members of the Election Committee and that no fees are paid to the members of the Election Committee.

**Point 16:** The Board of Directors proposes that the Annual General Meeting resolves to adopt the following Remuneration Policy for senior executives.

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

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

1 Guiding principles for remuneration and other terms of employment

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

The annual report 2012 sets out details on the total remuneration and benefits awarded to the Executives during 2012.

2 The principles for fixed salaries

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

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

The Executives may receive variable salaries in addition to fixed salaries. The variable salary may, as regards the President, amount to a maximum of 75% of the fixed annual salary and, as regards the other Executives, a maximum of 60% of the fixed annual salary.

The variable salary may be based on inter alia the performance of the entire Volvo Group or the performance of a certain part of the Group where the Executive is employed. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board and may relate to inter alia operating income, operating margin or cash flow. The Board may under certain conditions decide to reclaim variable salary already paid or to cancel or limit variable salary to be paid to the Executives.

The Annual General Meeting 2011 decided to adopt a share-based incentive program for senior executives in the Volvo Group relating to the financial years 2011, 2012 and 2013. Therefore, the Board has decided not to propose any share-based incentive program to the Annual General Meeting

to be held in April 2013.

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

##### 4.1 Non-monetary benefits

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

##### 4.2 Pension

In addition to pension benefits which the Executives are entitled to according to law and collective bargaining agreements, Executives resident in Sweden may be offered two different defined-contribution plans with annual premiums. For the first plan the annual premiums amount to SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts and for the second plan the annual premiums amount to 10% of pensionable salary. In the two defined-contribution plans, the pension earned will correspond to the sum of paid-in premiums and possible return without any guaranteed level of pension received by the employee. Further no definite retirement date is set in the two plans but premiums will be paid for the employee until his or her 65<sup>th</sup> birthday.

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

##### 4.3 Notice of termination and severance pay

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

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

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

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

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

The Remuneration Committee is further responsible for the review and recommendation to the

Board of share and share-price related incentive programs to be decided upon by the Annual General Meeting.

6 Authority to decide on deviations from this Policy

The Board of Directors may deviate from this Policy if there are specific reasons to do so in an individual case.

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

The decisions already taken on remuneration to the Executives that has not become due for payment at the time of the Annual General Meeting 2013 fall within the frames of this policy, except that some of the Executives have a right to receive 24 months' severance pay provided they are above 50 years of age and that some of the Executives are entitled to defined-benefit pension plans stipulating pension payments starting from the age of 65 with the possibility to receive part of the pension payment from the age of 60.

**Point 17:** The Board of Directors proposes that the Annual General Meeting resolves that the following amendment is made to the Articles of Association.

A new second sentence (italics) is proposed to be included in the first paragraph of § 6:

*“The Company shall appoint a minimum of two and a maximum of three auditors and a minimum of two and a maximum of three deputy auditors or a registered firm of auditors. The appointment as auditor shall apply until the close of the annual general meeting held during the fourth financial year after the appointment of the auditor.”*

**Point 18:** The shareholder Carl Axel Bruno proposes that the Annual General Meeting resolves that the following amendment is made to the Articles of Association.

(Translation of Swedish original)

*“The Board shall consist of at least one fourth men and one fourth women. The minimum number of male candidates and the minimum number of female candidates shall be increased to the nearest whole number.”*

**Point 19:** The shareholder Charles Croydon proposes that the Annual General Meeting resolves to ask the Board to consider the intervention of enhancing young people's employability through increasing the apprenticeships that Volvo offer.

### **Majority requirements**

Resolutions on amendments of the Articles of Association require that at least two thirds of both the votes cast and the shares represented at the General Meeting approve the proposal.

### **Provision of documents, etcetera**

The proposals by the Election Committee together with its statement explaining the proposals regarding the Board of Directors, the Board of Directors proposals and statement pursuant to Chapter 18 Section 4 of the Swedish Companies Act, and the proposals by the shareholders Carl Axel Bruno and Charles Croydon are available on AB Volvo's website; [www.volvogroup.com](http://www.volvogroup.com) or [www.volvokoncernen.se](http://www.volvokoncernen.se), and at AB Volvo's Headquarters, Amazonvägen, Torslanda, Göteborg.

The Annual report, the Auditor's Report and the Auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act will be available on AB Volvo's website; [www.volvogroup.com](http://www.volvogroup.com) or [www.volvokoncernen.se](http://www.volvokoncernen.se), and at AB Volvo's Headquarters, Amazonvägen, Torslanda, Göteborg at the latest from March 14, 2013 and onwards.

The aforementioned documents will be sent on request to such shareholders who provide their address from the date they come available. The documents will also be available at the Annual General Meeting.

### **The number of shares and votes**

When this notice to attend the Annual General Meeting was issued, the total number of shares in the Company was 2,128,420,220, distributed among 544,976,600 series A shares (1 vote per series A share), and 1,583,443,620 series B shares (1/10 vote per series B share). The total number of votes was 703,320,962. The Company's holding of own shares amounted to 100,741,344, distributed among 20,728,135 series A shares and 80,013,209 series B shares, corresponding to 28,729,455.9 votes. The Company may not vote its holding of its own shares.

### **Information at the Annual General Meeting**

Upon request by any shareholder and where the Board of Directors believes that such may take place without significant harm to the Company, the Board of Directors and the President should provide information at the Annual General Meeting in respect of any circumstances which may affect the assessment of a matter on the agenda, and any circumstances which may affect the assessment of the Company's or a subsidiary's financial position and as regards the Company's relationship to other group companies.

### **Right to participate in the Annual General Meeting**

Participation in AB Volvo's Annual General Meeting is limited to those who are recorded as shareholders in the share register on March 27, 2013 and who give notice of their intention to participate in the Annual General Meeting to AB Volvo no later than March 27, 2013.

### **Registration in the share register**

AB Volvo's share register is maintained by Euroclear Sweden AB. Only owner-registered shares are listed in the names of the shareholders in the share register. To be entitled to participate in the Annual General Meeting, owners of shares registered in the name of a trustee must have the shares registered in their own names. Shareholders who have trustee-registered shares should, in good time prior to March 27, 2013, request owner-registration, which could be temporary, at the bank or broker holding the shares. Trustees normally charge a fee for this.

### **Notice to AB Volvo**

Notice of intention to participate in the Annual General Meeting can be given:

- by telephone, +46 8 402 90 76
- by mail addressed to AB Volvo (publ), "AGM", P.O. Box 7841, SE-103 98 Stockholm, Sweden
- on AB Volvo's website; [www.volvogroup.com](http://www.volvogroup.com) or [www.volvokoncernen.se](http://www.volvokoncernen.se)

In providing such notice, the shareholder should state:

- name
- personal registration number (corporate registration number)
- address and telephone number
- name and personal registration number of the proxy, if any
- name(s) of any accompanying assistant(s) (maximum two assistants)

Shareholders who wish to participate in the Annual General Meeting must submit notice prior to expiration of the notice period on March 27, 2013. If you wish to be accompanied by an assistant, notification to this effect must be provided as specified above. Please note that notice of intention to participate could be given per telephone no later than 4.00 p.m. on March 27, 2013.

Shareholders who are represented by proxy must issue a written, dated proxy for the representative. Such proxy forms are available on the Company's website [www.volvogroup.com](http://www.volvogroup.com) or [www.volvokoncernen.se](http://www.volvokoncernen.se). The proxy in original should be sent to the Company at the above address in good time prior to the Annual General Meeting. The proxy may not be older than one year unless it states that it is valid for a longer

period of time, although the validity of the proxy may not exceed five years. If the proxy is issued by a legal entity, a certified copy of the registration certificate or an equivalent certificate of authority must be submitted to the company. Note that shareholders who are represented by proxy must notify the Company of their participation according to the above instructions and be registered as shareholders in the share register on March 27, 2013.

**Miscellaneous**

Liseberg's main entrance opens at 12.30 p.m. and lunch is served between 12.30-2.00 p.m.

Göteborg, February 2013

AB Volvo (publ)  
The Board of Directors