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BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91207836
Party	Plaintiff Volvo Trademark Holding AB
Correspondence Address	LEIGH ANN LINDQUIST SUGHRUE MION PLLC 2100 PENNSYLVANIA AVENUE NW WASHINGTON, DC 20037-3202 UNITED STATES tm@sughrue.com, llindquist@sughrue.com
Submission	Testimony For Plaintiff
Filer's Name	LEIGH ANN LINDQUIST
Filer's e-mail	tm@sughrue.com, vmullineaux@sughrue.com
Signature	/Leigh Ann Lindquist/
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Attachments	Deposition of M. Dempe Exhibit 63 part 31.pdf(5995877 bytes) Deposition of M. Dempe Exhibit 63 part 32.pdf(5379821 bytes) Deposition of M. Dempe Exhibit 63 part 33.pdf(4987779 bytes) Deposition of M. Dempe Exhibit 63 part 34.pdf(5670646 bytes) Deposition of M. Dempe Exhibit 63 part 35.pdf(4447844 bytes) Deposition of M. Dempe Exhibit 63 part 36.pdf(4717896 bytes) Deposition of M. Dempe Exhibit 63 part 37.pdf(5509722 bytes) Deposition of M. Dempe Exhibit 63 part 38.pdf(5851424 bytes) Deposition of M. Dempe Exhibit 63 part 39.pdf(5032248 bytes) Deposition of M. Dempe Exhibit 63 part 40.pdf(5202194 bytes)

NOTES TO FINANCIAL STATEMENTS

NOTE 18 MARKETABLE SECURITIES AND LIQUID FUNDS**ACCOUNTING POLICY**

Cash and cash equivalents include high liquid interest-bearing securities that are considered easily convertible to cash. Interest-bearing securities that fail to meet this definition are recognized as marketable securities.

Marketable securities

Marketable securities comprise mainly interest-bearing securities, distributed as shown below:

	2011	2010
Government securities	136	146
Banks and financial institutions	521	3,527
Real estate financial institutions	6,205	6,094
Total	6,862	9,767

NOTE 19 SHAREHOLDERS' EQUITY**ACCOUNTING POLICY**

Earnings per share is calculated as income for the period, attributable to the Parent Company's shareholders, divided by the Parent Company's average number of shares outstanding for the fiscal year. Diluted earnings per share is calculated as income for the period attributable to the Parent Company's shareholders divided by the average number of shares outstanding plus the average number of shares that would be issued as an effect of ongoing share-based incentive programs. If during the year there were potential shares redeemed or expired during the period, these are also included in the average number of shares used to calculate the earnings per share after dilution.

The share capital of the Parent Company is divided into two series of shares, A and B. Both series carry the same rights, except that each Series A share carries the right to one vote and each Series B share carries the right to one tenth of a vote. The shares quota value is SEK 1.20.

Cash dividend decided by the Annual General Meeting 2011 was SEK 2.50 (0.00) per share or total of SEK 5,068.6 million (0.0).

During 2011 AB Volvo transferred, free of consideration, 929 treasury B-shares, with a total quota value of 1,114.80 SEK, to participants of Volvo's long-term, share-based incentive program for senior executives in the Volvo Group, as accelerated allotment.

Change in other reserves (SEK M)

	Hedge reserve	Available-for-sale reserve	Total
Balance at January 1, 2011	87	28	115
Hedge contracts reversed to income	(3)	-	(3)
Tax on hedge contracts reversed to income	1	-	1
Change in fair value of commodity contracts	(142)	-	(142)
Fair value adjustments regarding holding in Deutz	-	(159)	(159)
Fair value adjustments regarding holdings in Japanese companies	-	200	200
Fair value adjustments regarding other holdings	-	(2)	(2)
Balance at December 31, 2011	(57)	67	10

Cash and cash equivalents

	2011	2010
Cash in banks	21,206	16,858
Bank certificates ¹	1,492	2,286
Time deposits in banks	7,681	3,822
Total	30,379	22,966

¹ Bank certificates which matures within three months of the date of acquisition.

Cash and cash equivalents at December 31, 2011, include SEK 0.7 billion (0.7) that is not available for use by the Volvo Group and SEK 9.3 billion (7.4) where other limitations exist, mainly liquid funds in countries where exchange controls or other legal restrictions apply. With that it is not possible to immediately use the liquid funds in other parts of the Group, however normally there is no limitation for use for the Group's operation in the respective country.

The transferred treasury shares represent an insignificant portion of the share capital of AB Volvo.

Unrestricted equity in the Parent Company at December 31, 2011 amounted to SEK 32,268 million (31,962).

The cumulative amount of the exchange difference deferred to equity relating to assets held for sale amount to SEK 33 million (3).

Information regarding number of shares

	2011	2010
Own Series A shares	20,728,135	20,728,135
Own Series B shares	80,264,131	80,265,060
Total own shares	100,992,266	100,993,195
Own shares in % of total registered shares	4.74	4.74
Outstanding Series A shares	642,766,887	656,873,495
Outstanding Series B shares	1,384,661,067	1,370,553,530
Total outstanding shares	2,027,427,954	2,027,427,025
Total registered Series A shares	663,495,022	677,601,630
Total registered Series B shares	1,464,925,198	1,450,818,590
Total registered shares	2,128,420,220	2,128,420,220
Average number of outstanding shares	2,027,427,172	2,027,427,025

Earnings per share

The long-term share-based incentive program decided by the Annual General Meeting 2011 creates a dilution effect. For 2010 AB Volvo had no share-based incentive program. No other transactions have occurred that affected, or will have an effect on, the compilation of the reported share capital.

	2011	2010
Number of shares, December 31, in millions	2,027	2,027
Average number of shares before dilution in millions	2,027	2,027
Average number of shares after dilution in millions	2,028	2,027
Average share price, SEK	94.84	85.75
Net income attributable to Parent Company shareholders	17,751	10,866
Basic earnings per share, SEK	8.76	5.36
Diluted earnings per share, SEK	8.75	5.36

NOTE 20 PROVISIONS FOR POST-EMPLOYMENT BENEFITS

Volvo's post-employment benefits, such as pensions, healthcare and other benefits are mainly settled by means of regular payments to independent authorities or bodies that assume pension obligations and administer pensions through *defined-contribution plans*.

The remaining post-employment benefits are *defined-benefit plans*; that is, the obligations remain within the Volvo Group or are secured by proprietary pension foundations. The Volvo Group's defined-benefit plans relate mainly to subsidiaries in the U.S. and comprise both pensions and other benefits, such as healthcare. Other large-scale defined-benefit plans apply to salaried employees in Sweden (mainly through the Swedish ITP pension plan) and employees in France and Great Britain.



ACCOUNTING POLICY

Volvo applies IAS 19, Employee Benefits, for post-employment benefits. In accordance with IAS 19, actuarial calculations should be made for all defined-benefit plans in order to determine the present value of obligations for benefits vested by its current and former employees. The actuarial calculations are prepared annually and are based upon actuarial assumptions that are determined close to the balance-sheet date each year. Changes in the present value of obligations due to revised actuarial assumptions and experience adjustments constitute actuarial gains or losses. These are expensed according to function over the employees' average remaining service period to the extent they exceed the corridor value for each plan.

Deviations between the expected return on plan assets and the actual return are also treated as actuarial gains or losses. Provisions for post-employment benefits in Volvo's balance sheet correspond to the present value of obligations at year-end, less fair value of plan assets, unrecognized actuarial gains or losses and unrecognized unvested past service costs.

As a supplement to IAS 19, Volvo applies UFR 4*, in accordance with the recommendation from the Swedish Financial Reporting Board, in calculating the Swedish pension liabilities.

For defined contribution plans, premiums are recognized as incurred in profit and loss according to function.

IAS 19 will be amended as of January 1, 2013. For additional information, refer to Note 1 under New Accounting Policies 2011 and later.

* UFR 4 states how Swedish special payroll tax and Swedish yield tax should be accounted for regarding the part of the net pension liability that is attributable to Swedish entities. Swedish special payroll tax is shown as a receivable/liability on the difference compared to the legal pension liability. Swedish yield tax is considered when estimating expected return on plan asset.



SOURCES OF UNCERTAINTY IN ESTIMATES

Provisions and costs for post-employment benefits, mainly pensions and health-care benefits, are dependent on assumptions used by actuaries in calculating such amounts. The appropriate assumptions and actuarial calculations are made separately for the respective countries of Volvo's operations which result in obligations for postemployment benefits. The assumptions include discount rates, health care cost trends rates, inflation, salary growth, long-term return on plan assets, retirement rates, mortality rates and other factors. Health care cost trend assumptions are based on historical cost data, the near-term outlook, and an assessment of likely long-term trends. Inflation assumptions are based on an evaluation of external market indicators. The salary growth assumptions reflect the historical trend, the near-term outlook and assumed inflation. Retirement and mortality rates are based primarily on officially available mortality statistics. The actuarial assumptions are annually reviewed by Volvo and modified when deemed appropriate to do so. Actual results that differ from management's assumptions are accumulated and amortized over future periods.

The following tables disclose information about defined-benefit plans in the Volvo Group. Volvo recognizes the difference between the obligations and the plan assets adjusted for unrecognized actuarial gains and losses in the balance sheet. The information refers to assumptions applied for actuarial calculations, periodical costs and the value of obligations and plan assets at year-end. The tables also include reconciliation of obligations and plan assets during the year and the difference between fair values and carrying amounts reported on the balance-sheet date.



NOTES TO FINANCIAL STATEMENTS

Summary of provision for post-employment benefits		
	2011	2010
Obligations	40,358	36,121
Fair value of plan assets	23,873	22,954
Funded status	(16,485)	(13,167)
Unrecognized actuarial (gains) and losses	11,939	6,995
Unrecognized past service costs	222	310
Net provisions for post-employment benefits	(4,324)	(5,862)
Whereof related to Assets held for sale	64	-
Net provision for post-employment benefits excluding Assets held for sale	(4,388)	(5,862)
Assumptions applied for actuarial calculations, %		
	December 31 2011	December 31 2010
Sweden		
Discount rate ¹	3.50	4.75
Expected return on plan assets ²	6.00	6.00
Expected salary increase	3.00	3.00
Inflation	1.50	1.50
United States		
Discount rate ^{1 3}	3.00-4.75	3.25-5.50
Expected return on plan assets ²	7.65	7.65
Expected salary increase	3.00	3.00
Inflation	2.00	2.00
France		
Discount rate ¹	4.50	4.50
Expected salary increase	3.00	1.00-3.00
Inflation	1.50	1.50
Great Britain		
Discount rate ¹	4.75-5.00	5.40-5.50
Expected return on plan assets ²	3.60-4.50	5.00
Expected salary increases	3.30-3.40	3.70-3.85
Inflation	3.20	3.20

1 The discount rate for each country is determined by reference to market yields on high-quality corporate bonds. In countries where there is no functioning market in such bonds, the market yields on government bonds are used. The discount rate for the Swedish pension obligation 2011 is determined by reference to mortgage bonds.

2 Applicable in the subsequent accounting period. These assumptions reflect the expected long-term return rate on plan assets, based upon historical yield rates for different categories of investments and weighted in accordance with the foundation's investment policy. The expected return has been calculated net of administrative expenses and applicable taxes.

3 For all plans except one the discount rate used is within the range 4.25-4.75% (4.75-5.50).

Pension costs	2011	2010
Current year service costs	867	896
Interest costs	1,448	1,510
Expected return on plan assets	(1,405)	(1,402)
Actuarial gains and losses ¹	326	420
Past service costs		
- Unvested	9	19
- Vested	60	28
Curtailments and settlements	50	(38)
Termination benefits	84	34
Pension costs for the period, defined-benefit plans	1,439	1,467
Pension costs for defined-contribution plans ²	2,032	2,107
Total pension costs for the period	3,471	3,574

1 For each plan, actuarial gains and losses are recognized as income or expense when the accumulated amount exceeds the so-called corridor. The income or expenses are then recognized over the expected average remaining service period of the employees.

2 In certain countries, part of social cost relate to pensions. In previous years, Volvo has reclassified such portion of social cost to pension cost for Swedish group companies. In the 2011 Annual Report, these pension related components of social cost has not been reclassified to pension cost, which makes for a better comparison with other Swedish companies. Pension cost for 2010 has been adjusted downwards with an amount of 1,166 compared to the 2010 Annual Report.

Costs for the period, post-employment benefits other than pensions	2011	2010
Current year service costs	85	49
Interest costs	148	170
Expected return on plan assets	-	-
Actuarial gains and losses ¹	9	(1)
Past service costs		
- Unvested	5	-
- Vested	-	26
Curtailments and settlements	(35)	2
Termination benefits	25	7
Total costs for the period, post-employment benefits other than pensions	237	253

1 For each plan, actuarial gains and losses are reported as income or expense when the accumulated amount exceed the so called corridor. The income or expenses are then recognized over the expected average remaining service period of the employees.

An increase of one percentage point per year in healthcare costs would increase the accumulated post-employment benefit obligation as of December 31, 2011 by approximately 164, and the post-employment benefit expense for the period by approximately 8. A decrease of one percentage point would decrease the accumulated value of obligations by about 136 and reduce costs for the period by approximately 7. Calculations made as of December 31, 2011 show an annual increase of 8% in the weighted average per capita costs of covered health care benefits. It is assumed that the percentage will decline gradually to 4.5% until 2029 and subsequently remain at that level.

Obligations in defined-benefit plans

	Sweden Pensions	United States Pensions	France Pensions	Great Britain Pensions	US Other benefits	Other plans	Total
Obligations at January 1, 2010	9,881	13,358	1,897	4,438	3,697	4,799	38,070
Acquisitions, divestments and other changes	-	10	-	-	2	28	40
Current year service costs	302	258	54	45	39	247	945
Interest costs	401	665	77	233	167	157	1,700
Past service costs							
- Unvested	-	3	-	-	(4)	(5)	(6)
- Vested	27	3	(44)	-	-	-	(14)
Termination benefits	33	-	(2)	-	-	5	36
Curtailments and settlements	(6)	(7)	(18)	(1)	-	(11)	(43)
Employee contributions	-	-	-	21	-	9	30
Actuarial (gains) and losses	(1,170)	571	(2)	28	(33)	78	(528)
Exchange rate translation	-	(789)	(245)	(370)	(207)	(171)	(1,782)
Benefits paid	(324)	(1,074)	(112)	(168)	(220)	(429)	(2,327)
Obligations at December 31, 2010	9,144	12,998	1,605	4,226	3,441	4,707	36,121
of which							
Funded defined-benefit plans	8,794	11,378	-	4,226	-	2,203	26,601
Acquisitions, divestments and other changes	(1)	(2)	1	(2)	(59)	(3)	(66)
Current year service costs	246	295	52	31	74	255	953
Interest costs	435	582	70	226	144	145	1,602
Past service costs							
- Unvested	-	4	-	-	9	1	14
- Vested	-	40	-	-	-	18	58
Termination benefits	77	-	(1)	-	-	26	102
Curtailments and settlements	(8)	(1)	-	(69)	(44)	(7)	(129)
Employee contributions	-	-	-	12	-	4	16
Actuarial (gains) and losses	2,434	925	136	52	115	39	3,701
Exchange rate translation	-	301	(12)	54	66	58	467
Benefits paid	(315)	(782)	(86)	(161)	(169)	(968)	(2,481)
Obligations at December 31, 2011	12,012	14,360	1,765	4,369	3,577	4,275	40,358
of which							
Funded defined-benefit plans	11,624	13,925	-	4,369	-	1,817	31,735



NOTES TO FINANCIAL STATEMENTS

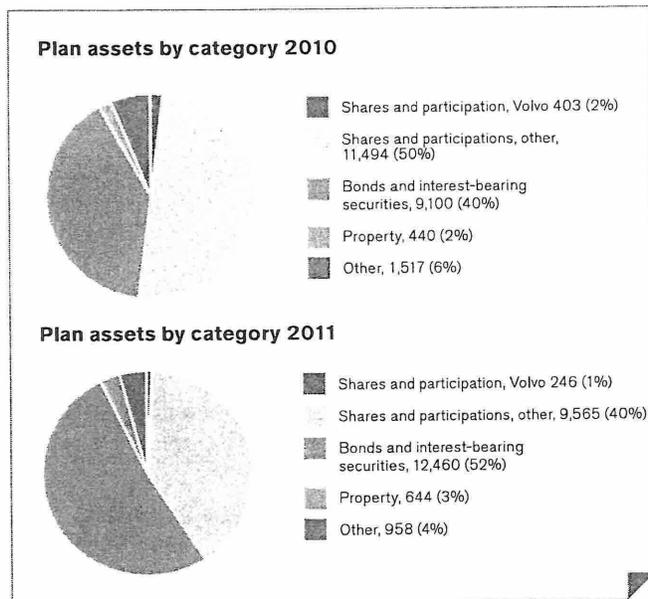
>> Fair value of plan assets in funded plans

	Sweden Pensions	United States Pensions	France Pensions	Great Britain Pensions	US Other benefits	Other plans	Total
Plan assets at January 1, 2010	6,430	9,866	-	4,392	28	1,894	22,610
Acquisitions, divestments and other changes	-	4	-	(1)	-	26	29
Expected return on plan assets	386	719	-	216	-	77	1,398
Actuarial gains and (losses)	262	373	-	208	-	18	861
Employer contributions	-	156	-	103	-	187	446
Employee contributions	-	-	-	21	-	12	33
Exchange rate translation	-	(574)	-	(378)	(2)	(166)	(1,120)
Benefits paid	-	(1,009)	-	(168)	(2)	(124)	(1,303)
Plan assets at December 31, 2010	7,078	9,535	-	4,393	24	1,924	22,954
Acquisitions, divestments and other changes	3	8	-	-	-	6	17
Expected return on plan assets	426	683	-	204	-	92	1,405
Actuarial gains and (losses)	(681)	(628)	-	81	-	(96)	(1,324)
Employer contributions	756	829	-	91	-	410	2,086
Employee contributions	-	-	-	12	-	7	19
Exchange rate translation	-	178	-	60	-	(18)	220
Benefits paid	(2)	(763)	-	(161)	-	(578)	(1,504)
Plan assets at December 31, 2011	7,580	9,842	-	4,680	24	1,747	23,873

Net provisions for post-employment benefits

	Sweden Pensions	United States Pensions	France Pensions	Great Britain Pensions	US Other benefits	Other plans	Total
Funded status at December 31, 2010	(2,066)	(3,463)	(1,605)	167	(3,417)	(2,783)	(13,167)
Unrecognized actuarial (gains) and losses	1,475	4,054	113	388	322	643	6,995
Unrecognized past service costs	-	(65)	380	-	(5)	-	310
Net provisions for post-employment benefits at December 31, 2010	(591)	526	(1,112)	555	(3,100)	(2,140)	(5,862)
of which reported as							
Prepaid pensions	-	900	-	555	110	83	1,648
Provisions for post-employment benefits	(591)	(374)	(1,112)	-	(3,210)	(2,223)	(7,510)
Funded status at December 31, 2011	(4,432)	(4,518)	(1,765)	311	(3,553)	(2,528)	(16,485)
Unrecognized actuarial (gains) and losses	4,569	5,509	333	341	434	753	11,939
Unrecognized past service costs	-	(54)	276	-	-	-	222
Net provisions for post-employment benefits at December 31, 2011	137	937	(1,156)	652	(3,119)	(1,775)	(4,324)
Whereof related to Assets held for sale	77	-	-	-	-	(13)	64 ¹
Net provision for post-employment benefits exclud- ing Assets held for sale	60	937	(1,156)	652	(3,119)	(1,762)	(4,388)
of which reported as							
Prepaid pensions	60	1,381	-	652	102	82	2,277
Provisions for post-employment benefits	-	(444)	(1,156)	-	(3,221)	(1,844)	(6,665)

¹ Per December 31, 2011 pension obligation amounted to 1,394, plan assets amounted to 926 and unrecognized actuarial losses amounted to 532 in regards to Assets held for sale.



Actual return on plan assets amounted to 81 (2,259).

Actuarial gains and losses	2011	2010
Experience-based adjustments in obligations	(3,492)	293
Experience-based adjustments in plan assets	(1,324)	861
Effects of changes in actuarial assumptions	(209)	235
Actuarial gains and (losses), net	(5,025)	1,389

Volvo's pension foundation in Sweden was formed in 1996 to secure obligations relating to retirement pensions for salaried employees in Sweden in accordance with the ITP plan (a Swedish individual pension plan). Plan assets amounting to 2,456 were contributed to the foundation at its formation,

NOTE 21 OTHER PROVISIONS



ACCOUNTING POLICY

Provisions

Provisions are reported on balance when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions for residual value risks

Residual value risks are attributable to operating lease contracts or sales transactions combined with buy-back agreements or residual value guarantees. Residual value risks are the risks that Volvo in the future would have to dispose used products at a loss if the price development of these products is worse than what was expected when the contracts were entered. Provisions for residual value risks are made on a continuing basis based upon estimations of the used products' future net realizable values. The estimations of future net realizable values are made with consideration to current prices, expected future price development, expected inventory turnover period and expected direct and indirect selling expenses. If the residual value risks pertain to products that are reported as tangible

corresponding to the value of the pension obligations at that time. Since its formation, net contributions of 2,228, whereof 756 during 2011, have been made to the foundation. The plan assets in Volvo's Swedish pension foundation are invested in Swedish and foreign stocks and mutual funds, and in interest-bearing securities, in accordance with a distribution that is determined by the foundation's Board of Directors. At December 31, 2011, the fair value of the foundation's plan assets amounted to 7,554 (7,059), of which 31% (57) was invested in shares or mutual funds. At the same date, retirement pension obligations attributable to the ITP plan amounted to 11,624 (8,794).

Swedish companies can secure new pension obligations through balance-sheet provisions or pension-fund contributions. Furthermore, a credit insurance policy must be taken out for the value of the obligations. In addition to benefits relating to retirement pensions, the ITP plan also includes, for example, a collective family pension, which Volvo finances through an insurance policy with the Alecta insurance company. According to an interpretation from the Swedish Financial Reporting Board, this is a multi-employer defined-benefit plan. For fiscal year 2011, Volvo did not have access to information from Alecta that would have enabled this plan to be reported as a defined-benefit plan. Accordingly, the plan has been recognized as a defined-contribution plan. Alecta's funding ratio is 113% (146).

Volvo's subsidiaries in the United States mainly secure their pension obligations through transfer of funds to pension plans. At the end of 2011, the total value of pension obligations secured by pension plans of this type amounted to 13,925 (11,378). At the same point in time, the total value of the plan assets in these plans amounted to 9,842 (9,535), of which 54% (59) was invested in shares or mutual funds. The regulations for securing pension obligations stipulate certain minimum levels concerning the ratio between the value of the plan assets and the value of the obligations. During 2011, Volvo contributed 829 (156) to the American pension plans.

During 2011, Volvo has made extra contributions to the pension plans in Great Britain in the amount of 91 (103).

In 2012, Volvo estimates to transfer an amount of about SEK 1 billion to pension plans.

assets in Volvo's balance sheet, these risks are reflected by depreciation or write-down of the carrying value of these assets. If the residual value risks pertain to products, which are not reported as assets in Volvo's balance sheet, these risks are reflected under the line item current provisions. See also note 7 Income.

Provision for product warranty

Estimated provision for product warranties are reported when the products are sold. The provision includes both contractual warranty and so called goodwill warranty and is determined based on historical statistics considering known quality improvements, costs for remedy of defaults e.t.c. Provision for campaigns in connection with specific quality problems are reported when the campaign is decided.

Provision for Restructuring costs

A provision for decided restructuring measures is reported when a detailed plan for the implementation of the measures is complete and when this plan is communicated to those who are affected. Restructuring costs are reported as a separate line item in the income statement if they relate to a considerable change of the Group structure. Other restructuring costs are included in Other operating income and expenses.



NOTES TO FINANCIAL STATEMENTS



SOURCES OF UNCERTAINTY IN ESTIMATES

Residual value risks

In the course of its operations, Volvo is exposed to residual value risks through operating lease agreements and sales combined with repurchase agreements. Residual value commitments amount to SEK 14,349 (13,339) at December 31, 2011. Residual value risks are reflected in different ways in the Volvo consolidated financial statements depending on the extent to which the risk remains with Volvo.

In cases where significant risks pertaining to the product remain with Volvo, the products, primarily trucks, are generally recognized in the balance sheet as assets under operating leases. Depreciation expenses for these products are charged on a straight-line basis over the term of the commitment in amounts required to reduce the value of the product to its estimated net realizable value at the end of the commitment. The estimated net realizable value of the products at the end of the commitments is monitored individually on a continuing basis. A decline in prices for used trucks and construction equipment may negatively affect the consolidated operating income. High inventories in the truck industry and the construction equipment industry and low demand may have a negative impact on the prices of new and used trucks and construction equipment. In monitoring estimated net realizable value of each product under a residual value commitment, management makes consideration of current price-level of the used product model, value of options, mileage, condition, future price deterioration due to expected change of market conditions, alternative distribution channels, inventory lead-time, repair and reconditioning costs, handling costs and overhead costs in the used product divisions. Additional depreciations and estimated impairment losses are immediately charged to income.

The total risk exposure for assets under operating lease is reported as current and non-current residual value liabilities.

>> Read more in Note 22.

If the residual value risk commitment is not significant, independent from the sale transaction or in combination with a commitment from the customer to buy a new Volvo product in connection to a buy-back option, the asset is not recognized on balance. Instead, the risk exposure is reported as a residual value provision equivalent to the estimated residual value risk.

To the extent the residual value exposure does not meet the definition of a provision, the remaining residual value risk exposure is reported as a contingent liability.

>> Read more in Note 24.

Provision for product warranty

Warranty provisions are estimated with consideration of historical claims statistics, the warranty period, the average time-lag between faults occurring and claims to the company and anticipated changes in quality indexes. Estimated costs for product warranties are charged to cost of sales when the products are sold. Estimated warranty costs include contractual warranty and goodwill warranty (warranty cover in excess of contractual warranty or campaigns which is accepted as a matter of policy or normal practice in order to maintain a good business relation with the customer). Differences between actual warranty claims and the estimated claims generally affect the recognized expense and provisions in future periods. Refunds from suppliers, that decrease Volvo's warranty costs, are recognized to the extent these are considered to be certain. At December 31, 2011 warranty cost provisions amounted to 8,652 (7,841).

Legal proceedings

Volvo recognizes obligations in the Group accounts as provisions or other liabilities only in cases where Volvo has a present obligation from a past event, where a financial responsibility is probable and Volvo can make a reliable estimate of the size of the amount. In instances where these criteria are not met, a contingent liability may be disclosed in the notes to the accounts.

Volvo regularly reviews the development of significant outstanding legal disputes in which Group companies are parties, both civil law and tax disputes, in order to assess the need for provisions and contingent liabilities in the financial statements. Among the factors that Volvo considers in making decisions on provisions and contingent liabilities are the nature of the dispute, the amount claimed, the progress of the case, the opinions or views of legal counsels and other advisers, experience in similar cases, and any decision of Volvo's management as to how Volvo intends to handle the dispute. The actual outcome of a legal dispute may deviate from the expected outcome of the dispute. The difference between actual and expected outcome of a dispute might materially affect future financial statements, with an adverse impact upon the Group's results of operation, financial position and liquidity.

>> Read more about the Volvo Group's gross exposure to contingent liabilities in Note 24.

	Value in balance sheet 2010	Provi- sions	Reversals	Utiliza- tions	Acquired and divested companies	Trans- lation differ- ences	Reclassifica- tion to assets held for sale	Other reclassi- fica- tions	Value in balance sheet 2011	Of which due within 12 months	Of which due after 12 months
Warranties	7,841	7,718	(1,184)	(5,651)	(5)	31	(94)	(5)	8,652	5,532	3,120
Provisions in insurance operations	450	186	(49)	(101)	0	3	0	0	488	4	484
Restructuring measures	247	123	(17)	(152)	0	(1)	0	0	199	166	33
Provisions for residual value risks	859	167	(63)	(226)	1	(5)	0	8	741	290	451
Provisions for service contracts	444	202	(57)	(212)	0	(3)	0	6	380	182	198
Dealer bonus	1,651	3,401	(43)	(3,007)	0	3	0	29	2,033	1,892	141
Other provisions	2,978	2,779	(427)	(2,471)	(18)	(60)	(65)	(32)	2,686	1,467	1,219
Total	14,470	14,576	(1,840)	(11,820)	(22)	(32)	(159)	6	15,179	9,533	5,646

Long-term provisions as above is expected to be settled within 2 to 3 years.

NOTE 22 LIABILITIES

Non-current liabilities

The tables below show the Group's non-current liabilities in which the largest loans are listed by currency. The main part are issued by Volvo Treasury AB. Information on loan terms is from December 31, 2011. Volvo

hedges foreign-exchange and interest-rate risks using derivative instruments. For more information refer to Note 4 Goals and policies in financial risk management and Note 30 Financial Instruments.

Bond loans	Actual interest rate Dec 31, 2011, %	Effective interest rate Dec 31, 2011, %	2011	2010
EUR 2007-2011/2013-2017	2.01-9.92	2.03-9.92	16,591	20,384
SEK 2007-2011/2013-2017	2.82-5.84	2.85-5.97	15,904	12,553
USD 2009/2015	5.98	5.98	5,165	5,075
NOK	-	-	-	229
GBP 2009/2014	6.6	6.77	532	525
Total¹			38,192	38,767

¹ Of which loans raised to finance the credit portfolio of the customer financing operations totalled 24,501 (14,940).

Other non-current loans	Actual interest rate Dec 31, 2011, %	Effective interest rate Dec 31, 2011, %	2011	2010
USD 2008-2011/2013-2018	0.63-7.66	0.63-7.66	8,883	13,433
EUR 2004-2010/2013-2027	2.82-6.5	2.85-6.5	2,409	1,485
GBP 2011/2013-2014	2.45	2.47	925	337
SEK 2007-2011/2013-2017	2.9-4.22	2.93-4.22	5,457	2,942
CAD 2007-2011/2013-2016	1.81	1.82	1,439	2,928
MXN 2009/2014	7.43-8.96	7.68-9.34	1,470	2,186
JPY 2006-2011/2013-2017	0.59-2.1	0.59-2.1	13,132	12,405
CHF 2011/2013	1.07	1.07	736	-
BRL 2007-2011/2016-2019	6.33	6.58	5,081	5,348
AUD 2010-2011/2013	5.91-7.50	6.04-7.64	1,054	140
Other loans			5,509	1,731
Revaluation of outstanding derivatives to SEK			1,670	2,392
Total other non-current loans¹			47,765	45,327
Total bond loans and other non-current loans			85,957	84,094
Deferred leasing income			2,000	1,778
Residual value liabilities			3,608	3,170
Accrued expenses service contracts			1,996	1,273
Other non-current financial liabilities			701	1,114
Other non-current liabilities			2,142	1,896
Total			96,404	93,325

¹ Of which loans raised to finance the credit portfolio of the customer financing operations 24,517 (21,064). Volvo Treasury employs cross-currency interest swaps to be able to offer lending and borrowing in various currencies without increasing Volvo's risk. The table on page 87 presents Industrial operations financial net position, including pensions, listed by currency. Of non-current liabilities, 87,923 (86,184) pertains to financial instruments. Refer to note 30 Financial instruments.

Of the above loans, 516 (1,288) was secured.

Refer to Note 23 for an explanation of changes to assets pledged.

Non-current loans mature as follows:

2013	28,228
2014	20,912
2015	11,356
2016	12,954
2017	11,800
2018 or later	707
Total	85,957

Refer to Note 15 for maturities of non-current customer financing receivables.

Most other non-current liabilities will mature within five years.

At year-end 2011, credit facilities granted but not utilized and which can be used without restrictions amounted to approximately SEK 33.6 billion (35.3). These facilities consisted of stand-by facilities for loans with varying maturities through 2013 to 2016. A fee is normally charged for the unused portion of credit facilities and is recognized in profit or loss under other financial income and expenses.



NOTES TO FINANCIAL STATEMENTS

>> **Current liabilities**

Balance sheet amounts for loans were as follows:

	2011	2010
Bank loans	12,639	12,261
Other loans	31,883	27,340
Total¹	44,522	39,601

¹ Of which loans raised to finance the credit portfolio of the customer financing operations amount to 31,844 (29,690) and financial derivatives at fair value 1,362 (458).

Bank loans include current maturities of non-current loans 5,803 (3,246). Other loans include current maturities of non-current loans, 17,681 (22,007), and commercial paper, 8,393 (1,416). Non-interest-bearing current liabilities accounted for 99,152 (84,457), or 69% (68) of the Group's total current liabilities.

Balance sheet amounts for other current liabilities were as follows:

	2011	2010
Advances from customers	3,642	3,416
Wages, salaries and withholding taxes	8,041	8,824
VAT liabilities	2,099	2,023
Accrued expenses and prepaid income	12,528	12,626
Deferred leasing income	1,683	1,640
Residual value liability	1,783	2,154
Other financial liabilities	367	242
Other liabilities	5,120	4,416
Total	35,263	35,341

Current liabilities also include trade payables of 56,788 (47,250), current tax liabilities of 2,391 (1,732) and non interest-bearing and interest-bearing liabilities held for sale, as recognized in Note 3. Secured bank loans at year-end 2011 totalled 127 (216). The corresponding amount for other current liabilities was 584 (1,442). Of current liabilities including trade payables 102,331 (87,494) pertains to financial instruments. Refer to note 30 Financial instruments.

>> Refer to Note 23 for an explanation of changes to assets pledged.

NOTE **23** ASSETS PLEDGED

	2011	2010
Property, plant and equipment – mortgages	128	168
Assets under operating leases	265	107
Receivables	1,333	2,964
Cash, loans and marketable securities	78	100
Other assets pledged	28	-
Total	1,832	3,339

At year-end, liabilities for which the above assets were pledged totalled 1,227 (2,946).

In 2010 an asset-backed securitization was completed. Under the terms of the transaction, USD 616 M of securities were issued tied to US-based loans with trucking and construction equipment assets as collaterals. During 2011 the loans have been amortized and the collaterals reduced.

NOTE **24** CONTINGENT LIABILITIES

ACCOUNTING POLICY

Contingent liabilities

A contingent liability is recognized for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

	2011	2010
Credit guarantees issued for customers and others	8,970	3,709
Tax claims	521	490
Residual value guarantees	2,969	2,993
Other contingent liabilities	4,694	3,811
Total	17,154	11,003

Tax claims amounting to 521 (490) pertain to charges against the Volvo Group for which provisions are not considered necessary.

Other contingent liabilities include for example bid and performance clauses and legal proceedings.

The recognized amounts for contingent liabilities reflect the Volvo Group's risk exposure on a gross basis. The recognized amounts have thus not been reduced because of counter guarantees received or other collaterals in cases where a legal offsetting right does not exist. At December 31, 2011, the estimated value of counter guarantees received and other collaterals, for example the estimated net selling price of used products, amounted to 3,726 (3,893) and mainly pertains to credit guarantees and residual value guarantees.

>> For more information regarding residual value guarantees, see note 21.

Legal proceedings

The former labor agreement between Mack Trucks, Inc. and the United Auto Workers Union (UAW) expired on September 30, 2007. Mack Trucks and UAW subsequently entered into a new 40-month Master Agreement. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to

retired employees. The trust was approved by the U.S. District Court for the Eastern District of Pennsylvania in September 2011. The Volvo Group will fund the trust with USD 525 M, whereof a significant part has been paid during the fourth quarter 2011. The remaining funding obligation is recognized as a financial liability and the remaining amortizations will be recognized as cash flow from financing activities.

In July 1999, Volvo Truck Corporation (VTC) and Volvo Construction Equipment (VCE) entered into a Consent Decree with the U.S. Environmental Protection Agency (EPA). The Consent Decree stipulated, among other provisions, that new stricter emission requirements for certain engines that would come into effect on January 1, 2006, should be applied by VTC and VCE from January 1, 2005. The Consent Decree was later transferred from VTC and VCE to Volvo Powertrain Corporation. During 2008, the EPA demanded stipulated penalties from Volvo Powertrain Corporation in the amount, including interest, of USD 72 M, alleging that the stricter standards under the Consent Decree should have been applied to engines manufactured by Volvo Penta during 2005. Volvo Powertrain disagrees with EPA's interpretation and is defending the case vigorously based on, among other grounds, the fact that the Volvo Penta engines were not subject to the Consent Decree. The dispute was referred to a U.S. court. The amount requested by the EPA is included in other contingent liabilities.

Nissan Diesel Thailand Co. Limited (the "NDT") on November 30, 2009 filed a claim at the Pathumthani Provincial Court of First Instance, Thailand, against AB Volvo and three of its employees, claiming damages in the sum of Baht 10.5 billion (equivalent to approximately SEK 2.3 billion). NDT was one of UD Trucks Corporation's (UDT), a wholly-owned subsidiary of AB Volvo, private dealers. NDT claims that AB Volvo's actions caused UDT to unlawfully terminate two agreements dated December 27, 2002 between UDT and NDT. In September 2011, a settlement was reached, finally settling the submitted claims. The settlement had an insignificant impact on the consolidated operating income and financial position of the Volvo Group.

Volvo is subject to a number of investigations initiated by competition authorities. The Volvo Group is cooperating fully with the respective authority.

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

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

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

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

In August 2011, Volvo Penta became part of an investigation by the Swedish competition authority regarding a possible violation of antitrust rules. In December 2011, the Swedish Competition Authority closed the investigation, without further actions.

Given the nature of the ongoing investigations initiated by competition authorities, the Volvo Group cannot exclude that they may affect the Group's result and cash flow with an amount that may be material. However, as regards the investigations initiated in Europe, it is too early to assess whether and when such effect may occur and hence if and when it could be accounted for. The Volvo Group has therefore not reported any contingent liability or any provision for any of the investigations initiated in Europe. Concerning the investigation initiated in Korea a contingent liability has however been registered.

Global companies such as Volvo are occasionally involved in tax processes of varying scope and in various stages. Volvo regularly assesses these tax processes. When it is probable that additional taxes must be paid and the outcome can be reasonably estimated, the required provision is made.

Volvo is also involved in a number of other legal proceedings. Volvo 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 position of the Volvo Group.

NOTE 25 TRANSACTIONS WITH RELATED PARTIES

The Volvo Group engages in transactions with some of its associated companies. The transactions consist mainly of sales of vehicles to dealers. Commercial terms and market prices apply for the supply of goods and services to/from associated companies.

	2011	2010
Sales to associated companies	1,296	1,082
Purchase from associated companies	60	50
Receivables from associated companies, Dec 31	186	174
Liabilities to associated companies, Dec 31	129	125

The Group's holdings of shares in associated companies are presented in Note 5, Shares and participations.

The Volvo Group also engages in transactions with Renault s.a.s. and its subsidiaries. Sales to and purchases from Renault s.a.s. amounted to 53 (52) and 2,321 (1,654). Receivables from and liabilities to Renault s.a.s. totalled 11 (15) and 372 (291), respectively, at December 31, 2011. Sales were mainly from Renault Trucks to Renault s.a.s. and comprised components and spare parts. Purchases were mainly made by Renault Trucks from Renault s.a.s. and primarily comprised light trucks. Renault Trucks has a license from Renault s.a.s. for the use of the trademark Renault.

Equipment of minor value was divested to a former member of Group management after valuation by an independent valuer.

NOTES TO FINANCIAL STATEMENTS

NOTE 26 GOVERNMENT GRANTS

In 2011, government grants of 783 (472) were received, and 775 (413) was recognized in income statement. The amount includes tax credits of 545 (204) related to product development, which were primarily received in France and the US.

Other grants were mainly received from the Swedish government and the European Commission.

NOTE 27 PERSONNEL**ACCOUNTING POLICY****Share-based payments**

Volvo applies IFRS2, Share-based payments for share-based incentive programs. IFRS 2 distinguishes between "cash-settled" and "equity-settled" payments. The Volvo program includes both a cash-settled and an equity-settled part. The fair value of the equity-settled payments is determined at the grant date, recognized as an expense during the vesting period and off-set in equity. The fair value is based on the share price reduced by dividends connected with the share during the vesting period. Additional social costs are reported as a liability, revalued at each balance sheet date in accordance with UFR 7, issued by the Swedish Financial Reporting Board. The cash-settled payment is revalued at each balance sheet date and is reported as an expense during the vesting period and as a short term liability. An assessment whether the terms for allotment will be fulfilled is made continuously. Based on such assessment, expense might be adjusted.

Remuneration policy decided at the Annual General Meeting in 2011

The Annual General Meeting of 2011 decided upon principles for remuneration and other employment terms for the members of Volvo's group management. The decided principles can be summarized as follows:

The guiding principle is that remuneration and other employment terms for company management, shall be competitive to ensure that Volvo can attract and retain skilled persons in group management. The fixed salary shall be competitive and shall reflect the individual's area of responsibility and performance.

In addition to the fixed salary a variable salary may be paid. The variable salary may for the CEO amount to a maximum of 75% of the fixed salary and for the other senior executives a maximum of 60% of the fixed salary. The variable salary shall be based on the fulfilment of improvement targets or certain financial targets for the Volvo Group and/or the organizational unit for which the executive is responsible. These targets are decided by the Board of AB Volvo and can be related, for example, to operating income and/or cash flow.

The Annual General Meeting can also decide on a share, or share-based, incentive program. At the Annual General Meeting 2011, as proposed by the Board of AB Volvo, it was decided to implement a long-term share-based incentive program consisting of three annual programs covering each of the financial years 2011, 2012 and 2013.

In addition to fixed and variable salary, normally other customary benefits, such as company car and company healthcare are provided. In individual cases, accommodation benefits and other benefits may be provided.

In addition to pension benefits provided by law and collective bargain agreements, the members of group management domiciled in Sweden can be offered a defined-contribution pension plan whereby the amount of the individual's pensions comprises the premium paid and any return. Members of group management resident outside Sweden, or resident in Sweden but having a material connection to or having been resident in a country other

than Sweden, can be offered pension solutions that are competitive in the country where the members are, or have been, resident or to which the members have a material connection, however primarily defined-contribution pension solutions.

With regard to notice of termination of employment for members of group management domiciled in Sweden, the notification period is 12 months if the company terminates the employment and six months if the individual terminates the employment. In addition, the employee is entitled to a severance pay of 12 months' salary if the employment is terminated by the company. Members resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden can be offered notice periods for termination and severance payments that are competitive in the country where the members are or have been resident or to which the members have a material connection, however primarily arrangements that are similar to what is valid for members domiciled in Sweden.

The Board of AB Volvo may deviate from the remuneration policy if there are specific reasons to do so in an individual case. The Board has decided on one such deviation by approving that the variable salary for the President of Volvo Aero can exceed 60% of the fixed annual salary if certain conditions related to the potential divestment of Volvo Aero are met.

Fee paid to the Board of directors

According to a resolution adopted at the Annual General Meeting 2011, the fee to the Board of Directors appointed at the Annual General Meeting for the period until the close of the Annual General Meeting 2012 shall be paid as follows: The Chairman of the Board should be awarded SEK 1,800,000 and each of the other members SEK 600,000 with exception of the President and Chief Executive Officer of AB Volvo. In addition, SEK 300,000 should be awarded to the chairman of the audit committee and SEK 150,000 to each of the other members of the audit committee and SEK 100,000 to each of the members of the remuneration committee.

Terms of employment and remuneration to the CEO and Deputy CEO

As of August 31, 2011, Leif Johansson retired from the position as President and Chief Executive Officer (CEO) of AB Volvo and was replaced by Olof Persson from September 1, 2011. The President and CEO is entitled to a remuneration consisting of a fixed annual salary and a variable salary. The variable salary is based on operating income in relation to the same period last year and/or cash flow for six months moving periods up to a maximum of 75% of the fixed annual salary.

For the financial year 2011, Leif Johansson received a fixed salary of SEK 8,640,000 and a variable salary of SEK 5,913,000. The variable salary corresponded to 68% of the fixed salary. Other benefits, mainly pertaining to car and housing, amounted to SEK 329,621 in 2011. Olof Persson received for the period as President and CEO of AB Volvo during 2011 a fixed salary of SEK 3,840,000 and a variable salary of SEK 2,880,000. The variable salary corresponded to 75% of the fixed salary. Other benefits from September 1, 2011, mainly pertaining to car and housing, amounted to SEK 234,897.

During his period as Executive Vice President and Deputy CEO of AB Volvo from May 1 until August 31, 2011, Olof Persson received a fixed salary of SEK 2,245,000 and a variable salary of SEK 1,111,275. The vari-

able salary corresponded to 50% of the fixed salary. For this period, other benefits, mainly pertaining to car and housing, amounted to SEK 60,830.

Leif Johansson was covered by the Volvo executive pension plans, Volvo Management Pension (VMP) and Volvo Executive Pension (VEP). Olof Persson is covered both by pension benefits provided under collective bargain agreements and by the VMP and VEP plans. The retirement benefit under the Volvo executive pension plans is a defined-contribution plan with refund protection. The disability pension is a defined-benefit plan. Contributions to VMP and VEP are not tax-deductible, the benefit from the insurance is not taxable to the company, but pension paid will be tax-deductible. The pensionable salary consists of the annual salary and a calculated variable salary component. The premium for the VMP is SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts and the premium for VEP is 10% of pensionable salary. There are no commitments other than the payment of the premiums. The disability pension for Olof Persson amounts to 50% of pensionable salary. The right to disability pension is conditional to employment and will cease upon termination of duty.

The President and CEO of AB Volvo is also covered by Volvo Företagspension, a defined contribution plan for additional retirement benefit. The premium is negotiated each year. For 2011 the premium amounted to SEK 512 a month.

Pension premiums 2011 for Leif Johansson amounted to SEK 3,317,621 and for Olof Persson, for the period as President and CEO and for the period as Executive Vice President and Deputy CEO, to SEK 1,943,988 and 559,811 respectively.

Olof Persson is also participating in the long-term share-based incentive program decided by the Annual General Meeting 2011. Based on ROE for 2011, Olof Persson will receive 97,109 shares during 2014/2015 related to 2011 if all program conditions are met (see further information under Long-term incentive program below). The amount of taxable benefit related to these shares is determined at the time of allotment.

Olof Persson has a six-month notice of termination on his own initiative and twelve months' notice of termination from AB Volvo. If terminated by the company within three years from entering the position as President and CEO, Olof Persson is entitled to a severance payment equivalent to twelve months' salary. Thereafter, he is not entitled to severance payments.

Remuneration to other senior executives

Fixed and variable salaries

Members of group management and a number of senior executives receive variable salaries in addition to fixed salaries. Variable salaries are in most cases based on the fulfillment of certain improvement targets or financial targets. The targets are decided by the Board of Directors in AB Volvo and can, for example, relate to operating income in relation to corresponding period previous year and/or cash flow for a six month rolling period. During 2011, a variable salary could amount to a maximum of 60% of the fixed annual salary.

For the financial year 2011, fixed salaries amounted to SEK 58,225,074 and variable salaries amounted to SEK 23,875,016 for members of group management excluding the CEO and the Deputy CEO. Group management comprised, in addition to the CEO and Deputy CEO, 16 members at the beginning of the year and 16 members at the end of the year. Other benefits, mainly pertaining to car and housing, amounted to SEK 7,243,479 in 2011. Group management, excluding the CEO and the Deputy CEO, will receive 576,965 shares during 2014/2015 related to 2011 under the long-term share-based incentive program if all program conditions are met (see further information under Long-term incentive program below).

Severance payments

The employment contracts for members of group management and certain other senior executives contain rules governing severance payments when the company terminates the employment. For members domiciled in Sweden, the rules provide that, when the company terminates the employment, an employee is entitled to severance payment equivalent to twelve

months' salary. In certain older contracts, the payment could equal 24 months' salary depending on age at date of severance. In agreements concluded after the spring of 1993, severance pay is reduced, in the event the employee gains employment during the severance period, with an amount equal to 75% of the income from the new employment. In agreements concluded after the spring of 2004, severance pay is reduced by the full income from the new employment. With few exceptions, the severance payment is equal to twelve months' salary.

Members having a material connection to a country other than Sweden can be offered notice periods for termination and severance payments that are competitive in the country to which the members have a material connection.

Pensions

Members of group management and certain other senior executives are offered pensions that are competitive in the country in which the person is or have been domiciled or in the country to which the person is essentially connected.

Previous pension agreements for certain senior executives stipulated that early retirement could be obtained from the age of 60. Agreements for retirement at age 60 are no longer signed, and are instead replaced by a defined-contribution plan with pension premium payments at the longest to the age of 65 years. The premium constitutes 10% of the pensionable salary.

Earlier defined-benefit pension plans, which entitled the employee to 50% of the pensionable salary after normal retirement age, have in Sweden been replaced by a defined-contribution plan. The pension plan includes employees born before 1979 and is a complement to the collective agreement regarding occupational pension. The premium constitutes of SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts. The pensionable salary consists of the twelve times the current monthly salary and the average of the variable salary for the previous five years. Pension premiums amounted to SEK 29,143,321 for other members of group management in 2011.

Volvo Group's total costs for remuneration and benefits to senior executives

Costs for total remuneration and benefits to the members of group management in 2011 are pertaining to the following: fixed salary SEK 110 million (89); variable salary SEK 43 million (39); other benefits SEK 12 million (10) and pensions SEK 46 million (51). The cost related to the long-term share-based incentive program is reflected over the vesting period and amounted to SEK 26 million (0) for 2011. Total costs for members of group management include social fees on salaries and benefits, special pension tax and additional costs for other benefits. The remuneration model of the Volvo Group is to a main part designed to follow changes in the profitability of the Group.

Long-term incentive program

The Annual General Meeting held in 2011 approved a long-term share-based incentive program for up to 300 participants and comprising the years 2011 to 2013. The program consists of three annual programs for which the measurement periods are each of the respective financial years. A prerequisite for participation in the program is that the participants invest a portion of their salary in Volvo shares and retain these shares and continue to be employed by the Volvo Group for at least three years after the investment has been made. Under special circumstances, it is possible to make exceptions to the requirement of continued employment (so called "good leaver" situations).

The AB Volvo Board is, in the event of exceptional conditions, entitled to limit or omit allotment of performance shares. In addition, if the Annual General meeting of AB Volvo resolves that no dividend shall be paid to the shareholders for a specific financial year, no matching shares are allotted for the year in question. Shares are granted under the program during the respective financial year. At the end of the vesting period, the main rule is that the participants will be allotted one matching share per invested share and, assuming that the Volvo Group's ROE (return on equity) for the



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particular financial year amounts to at least 10 percent, a number of performance shares. Maximum allotment of performance shares corresponds to seven shares for the CEO, six shares for other members of group management and five shares for other participants in the program for each invested share, subject to ROE reaching 25 percent. ROE for 2011 was 23.1%, which means that number of performance shares reached about 90 percent of the maximum grant. Allotment of shares will be made

through Volvo owned, earlier re-purchased, Volvo shares. Participants in certain countries will be offered a cash-based version of the incentive program. For participants in these countries, no investment is required by the participant and the program does not comprise an element of matching shares. Allotment of shares in this version is replaced by a cash allotment at the end of the vesting period. Other program conditions are similar between the programs.

Long term incentive program (share settled plan version)	Shares granted conditional under the plan but not yet allotted (in thousand shares)						Cost 2011 (SEK M) ¹
	Vesting year	Beginning of the year	Granted 2011	Cancelled/ forfeited 2011	Allotments during 2011	End of the year	
Year 2011 incentive program	2014/2015	0	2,488	(11)	(1)	2,476	69.8

¹ The fair value of the payments is determined based on the share price at the grant date reduced by the discounted value of expected dividends connected with the share during the vesting period. The cost for the program is recognized over the vesting period. The cost includes social security cost.

The cost for the cash-based version of the incentive program amounted to SEK 4 million including social security cost during 2011.

A number of program participants that are leaving the company has been determined to be "good leavers" and are therefore entitled to accumulated allotment of shares. During 2011, 929 shares have been allotted

to participants, and an additional 203,520 shares will be allotted to participants when the employees leave the company.

The total cost for the 2011 incentive program over the period 2011 to 2014 is estimated to SEK 273 million including social security cost. Actual cost will be impacted by changes in the share price.

Average number of employees	2011		2010	
	Number of employees	of which women, %	Number of employees	of which women, %
AB Volvo				
Sweden	171	49	198	51
Subsidiaries				
Sweden	24,793	20	23,313	20
Western Europe	24,241	17	23,515	17
Eastern Europe	6,220	21	5,768	22
North America	15,380	18	12,429	19
South America	6,080	14	5,264	14
Asia	22,915	11	21,205	10
Other countries	2,448	17	2,558	15
Group total	102,248	18	94,250	17

Board members ¹ and other senior executives	2011		2010	
	Number at year-end	of which women, %	Number at year-end	of which women, %
AB Volvo				
Board members ¹	14	14	12	17
CEO and GEC	17	6	17	6
Volvo Group				
Board members ¹	898	13	929	12
Presidents and other senior executives	1,034	17	1,053	15

¹ Excluding deputy Board members.

Wages, salaries and other remunerations

SEK M	2011			2010		
	Board and Presidents ¹	of which variable salaries	Other employees	Board and Presidents ¹	of which variable salaries	Other employees
AB Volvo	31.5	9.9	199.2	26.2	8.0	184.6
Subsidiaries	770.9	175.5	36,036.9	1,005.0	104.8	32,647.4
Group total	802.4	185.4	36,236.1	1,031.2	112.8	32,832.0

Wages, salaries and other remunerations and social costs

SEK M	2011			2010		
	Wages, salaries remun.	Social costs	Pension costs	Wages, salaries remun.	Social costs	Pension costs ⁴
AB Volvo ²	230.7	68.1	34.0	210.8	60.8	59.1
Subsidiaries	36,807.8	8,583.5	3,437.0	33,652.4	8,308.8	3,514.8
Group total³	37,038.5	8,651.6	3,471.0	33,863.2	8,369.6	3,573.9

¹ Including current and former Board members, Presidents and Executive Vice Presidents.

² The Parent Company's pension costs, pertaining to Board members and Presidents are disclosed in Note 3 in the Parent Company.

³ Of the Group's pension costs, 96.8 (146.6) pertain to Board members and Presidents, including current and former Board members, Presidents and Executive Vice Presidents. The Group's outstanding pension obligations to these individuals amount to 337.7 (334.4).

⁴ In certain countries, such as Sweden, part of social cost relate to pensions. In previous years, Volvo has reclassified such portion of social cost to pension cost for Swedish group companies. In the 2011 Annual Report, these pension related components of social cost has not been reclassified to pension cost, which makes for a better comparison with other Swedish companies. Pension cost for 2010 has been adjusted downwards with an amount of SEK 1,166 million compared to the 2010 Annual Report.

The cost for non-monetary benefits in the Group amounted to 1,876.8 (1,554.3) of which 68.8 (59.3) to Board members and Presidents.

The cost for non-monetary benefits in the Parent Company amounted to 9.6 (9.0) of which 1.9 (1.7) to Board members and Presidents.

NOTE 28 FEES TO THE AUDITORS

Fees to the auditors	2011	2010
PricewaterhouseCoopers		
- Audit fees	97	102
- Audit-related fees	4	6
- Tax advisory services	18	16
- Other fees	8	3
Total	127	127
Audit fees to others	1	1
Volvo Group Total	128	128

Audit involves examination of the Annual report, financial accounting and the administration by the Board and the President. Audit-related assignments mean quality assurance services required by enactment, articles of association, regulations or agreement. The amount includes the fee for the half-year review. Tax services include both tax consultancy and tax compliance services. All other tasks are defined as other.

NOTE 29 CASH-FLOW



ACCOUNTING POLICY

Cash-flow analysis

The cash-flow statement is prepared in accordance with IAS 7, Cash flow statement, indirect method. The cash-flow statements of foreign Group companies are translated at the average rate. Changes in Group structure, acquisitions and divestments, are recognized net, excluding cash and cash equivalents, in the item Acquisition and divestment of subsidiaries and other business units and are included in cash flow from Investing activities.

Cash and cash equivalents include cash, bank balances and parts of marketable securities, with date of maturity within three months at the time for investment. Marketable securities comprise interest-bearing securities, the majority of which with terms exceeding three months. However, these securities have high liquidity and can easily be converted to cash. In accordance with IAS 7, certain investment in marketable securities are excluded from the definition of cash and cash equivalents in the cash-flow statement if the date of maturity of such instruments is later than three months after the investment was made.

Investments in shares and participations:

	2011	2010
New issue of shares	(9)	(13)
Capital contribution	(15)	(31)
Acquisitions	(165)	(154)
Divestments	69	91
Other	1	1
	(119)	(106)

Acquired and divested subsidiaries and other business units:

	2011	2010
Acquired subsidiaries and other business units	(1,528)	(214)
Divested subsidiaries and other business units	(62)	831
	(1,590)	617

Important increase/decrease in bond loans and other loans

In 2011, the Volvo Group reduced its borrowings as a consequence of a strong cash flow. In 2010, the Volvo Group reduced its borrowings as a consequence of a strong cash flow and lower demands of funding from the Customer Finance Operations.

Other items not affecting cash amounted to:	2011	2010
Risk provisions and losses related to doubtful accounts receivable/customer-financing receivables	801	1,401
Capital gains/losses on the sale of subsidiaries and other business units	19	34
Unrealized exchange rate gains/losses on accounts receivable and payable	(249)	(44)
Provision for global profit sharing program	550	350
Fair value commercial derivatives	276	(220)
R&D tax credit	(283)	-
Write-down of assets held for sale	54	65
Reversal of write-down of assets held for sale	(60)	-
Other non-cash items	154	(25)
	1,262	1,561

NOTES TO FINANCIAL STATEMENTS

NOTE **30** FINANCIAL INSTRUMENTS**ACCOUNTING POLICY***Recognition of financial assets and liabilities*

Purchases and sales of financial assets and liabilities are recognized on the transaction date. A financial asset is derecognized in the balance sheet when all significant risks and benefits linked to the asset have been transferred to a third party. The same principles are applied for financial assets in the segment reporting of the Volvo Group.

The fair value of assets is determined based on valid market prices, when available. If market prices are unavailable, the fair value is determined for each asset using various measurement techniques. Transaction expenses are included in the asset's fair value, except in cases in which the change in value is recognized in profit and loss. The transaction costs that arise in conjunction with the assumption of financial liabilities are amortized over the term of the loan as a financial cost.

Embedded derivatives are detached from the related main contract, if applicable. Contracts containing embedded derivatives are valued at fair value in profit and loss if the contracts' inherent risk and other characteristics indicate a close relation to the embedded derivative.

Financial assets at fair value through profit and loss

All of Volvo's financial assets that are recognized at fair value in profit and loss are classified as held for trading. This includes derivatives to which Volvo has decided not to apply hedge accounting as well as derivatives that are not part of an evidently effective hedge accounting policy pursuant to IAS 39. Gains and losses on these assets are recognized in profit and loss. Short-term investments that are recognized at fair value mainly comprise interest-bearing financial instruments and are recognized in Note 18. Derivatives used for hedging interest rate exposure in the customer financing portfolio are included in this category. Unrealized gains and losses from fluctuations in the fair values of the financial instruments are recognized in net financial items, since it is not practically possible to apply hedge accounting in accordance with IAS 39 due to the large number of contracts that the customer financing portfolio comprises. In applicable cases, when the requirements for hedge accounting are considered to be fulfilled, Volvo will hereafter consider the application of hedge accounting for these kinds of instruments. Volvo intends to hold these derivatives to maturity, which is why, over time, the market valuation will be offset as a consequence of the interest-rate fixing on borrowing and lending for the customer-finance operations, and thus not affect operating income or cash flow.

Refer to note 9 regarding derivatives used for hedging interest rate exposure in the customer financing portfolio recognized in net financial items.

Financial instruments used for hedging currency risks arising from future firm commercial cash flows are also recognized under this category. Unrealized gains and losses from fluctuations in the fair values of the financial instruments related to a receivable or payable will be recognized in the operating income of the respective segments. All other unrealized gains and losses from fluctuations in the fair values of the financial instruments are reported in the operating income of the segment Group functions and other. When the financial instruments have been realized the income effect is reported within the respective segments.

Loan receivables and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accounts receivables are recognized initially at fair value, which normally corresponds to the nominal value. In the event that the payment terms exceed one year, the receivable is recognized at the discounted present value. After initial recognition, loans and receivables are measured at amortized

cost in accordance with the effective interest method. Gains and losses are recognized in profit and loss when the loans or receivables are divested or impaired, as well as in pace with recognition of accrued interest.

Assessment of impairment requirement – loan receivables and other receivables

Volvo performs routine controls to ensure that the carrying amount of assets valued at amortized cost has not decreased, which would result in recognition of an impairment loss in profit and loss. Provisions for doubtful receivables are recognized on an ongoing basis following assessments of a possible change in the ability of customers to pay.

Impairment comprises the difference between the carrying amount and the current value of the estimated future payment flow attributable to the specific asset with consideration to the fair value of any collateral. Discounting of future cash flow is based on the effective interest rate used initially. Initially, the impairment requirement is evaluated for each respective asset. If, based on objective grounds, it cannot be determined that one or more assets are subject to an impairment loss, the assets are grouped in units based, for example, on similar credit risks to evaluate the impairment loss requirement collectively. Individually impaired assets or assets impaired during previous periods are not included when grouping assets for collective assessment. If the conditions that gave rise to the recognition of an impairment loss later prove to no longer be valid the impairment loss is reversed in profit and loss as long as the carrying amount does not exceed the amortized cost at the time of the reversal.

» Refer to Notes 15 and 16 for more information regarding Volvo's loan receivables and accounts receivables.

Assets available for sale

This category includes assets available for sale and assets that have not been classified in any of the other categories. These assets are initially measured at fair value including transaction costs. Any change in value is recognized directly in other comprehensive income. The cumulative gain or loss recognized in other comprehensive income is reversed in profit and loss on the sale of the asset. Unrealized declines in value are recognized in other comprehensive income, unless the decline is significant or prolonged. Then the impairment is recognized in profit and loss. If the event that caused the impairment no longer exists, impairment can be reversed in profit and loss if it does not involve an equity instrument.

Earned or paid interest attributable to these assets is recognized in profit and loss as part of net financial items in accordance with the effective interest method. Dividends received attributable to these assets are recognized in profit and loss as Income from other investments.

Volvo recognizes shares and participations in listed companies at market value on the balance-sheet date, with the exception of investments classified as associated companies and joint ventures. Holdings in unlisted companies for which a market value is unavailable are recognized at acquisition cost. Volvo classifies these types of investments as assets available for sale.

Assessment of impairment – assets available for sale

If assets available for sale are impaired, the impaired amount is the difference between the asset's cost (adjusted for any accrued interest if applicable) and its fair value. However, if equity instruments, such as shares, are involved, a completed impairment is not reversed in profit and loss. On the other hand, impairments performed on debt instruments (interest-bearing instruments) are wholly or partly reversible in profit and loss, in those instances where an event, proven to have occurred after the impairment was performed, is identified and impacts the valuation of that asset.

» Refer to Note 5 for Volvo's holdings of shares and participations in listed companies.

Hedge accounting

In accordance with IAS 39, derivatives used for the hedging of forecast electricity consumption have been recognized at fair value in the balance sheet. During 2011, Volvo applied hedge accounting for these financial instruments. Unrealized gains and losses from fluctuations in the fair value are debited or credited to a separate component in other comprehensive income to the extent the requirements for cash-flow hedge accounting are fulfilled. Accumulated changes in the value of the hedging instruments are recognized in profit and loss at the same time as the underlying hedged transaction affects the Group's earnings. In the table in Note 19, Shareholders' equity shows how the electricity consumption reserve has changed during the year. When cash-flow hedge accounting is applied for previously entered financial instruments utilized to hedge electricity consumption, Volvo tests for effectiveness. Hedging is considered to be effective when the forecast factors that impact the electricity price agree with forecasts of future electricity consumption and the designated hedging instruments. The hedging relationship is regularly tested up until its maturity date. If the identified relationships are no longer deemed effective, the price fluctuations on the hedging instrument from the last period the instrument was considered effective are recognized in the Group's operating income.

During 2011, Volvo has applied hedge accounting for financial instruments used to hedge interest and currency risks on loans only for cases when hedge accounting requirements are fulfilled. The changes in the fair value of the hedge instruments outstanding and the changes in the carrying amount of the loan are recognized in profit and loss. For cases where hedge accounting is not considered to be fulfilled, unrealized gains and losses up until the maturity date of the financial instrument will be recognized in net financial items in profit and loss.

During 2011, Volvo has applied hedge accounting for certain net investments in foreign operations. The ongoing result of such hedges is recognized as a separate item in shareholders' equity. In the event of a divestment, the accumulated result from the hedge is recognized in profit and loss.

» Refer to page 125 for supplementary information on hedge accounting.

Information regarding carrying amounts and fair values

In the table below, carrying amounts are compared with fair values for all of the Volvo Group's financial instruments. Detailed descriptions of the policies applicable to financial hedging, hedge accounting and changes in policies during 2011 are described later in this Note and in Note 4, Goals and policies in financial risk management.

		December 31, 2011		December 31, 2010	
		Carrying value	Fair value	Carrying value	Fair value
SEK M					
Assets					
Financial assets at fair value through profit and loss¹					
The Volvo Group's outstanding currency risk contracts – commercial exposure	Note 16	107	107	197	197
The Volvo Group's outstanding raw materials contracts	Note 16	68	68	168	168
The Volvo Group's outstanding interest and currency risk contracts – financial exposure	Note 16	4,482	4,482	3,863	3,863
Marketable securities	Note 18	6,862	6,862	9,767	9,767
		11,519	11,519	13,995	13,995
Loans receivable and other receivables					
Accounts receivable	Note 16	27,699	–	24,433	–
Customer financing receivables ²	Note 15	78,699	–	72,688	–
Other interest-bearing receivables	Note 16	564	–	357	–
		106,962	–	97,478	–
Financial assets available for sale¹					
Shares and participations for which:					
a market value can be calculated	Note 5	635	635	836	836
a market value can not be calculated	Note 5	1,239	–	1,262	–
		1,874	635	2,098	836
Cash and cash equivalents	Note 18	30,379	30,379	22,966	22,966
Liabilities	Note 22				
Financial liabilities at fair value through profit and loss¹					
The Volvo Group's commodity contracts – commercial exposure		279	279	79	79
The Volvo Group's outstanding raw materials contract		134	134	41	41
The Volvo Group's outstanding interest risk contracts – financial exposure		4,323	4,323	4,487	4,487
		4,736	4,736	4,607	4,607
Financial liabilities valued at amortized cost					
Long term bond loans and other loans		85,571	90,174	82,679	88,304
Short term bank loans and other loans		43,159	41,884	39,142	39,379
		128,730	132,058	121,821	127,683
Trade Payables		56,788	–	47,250	–

¹ IFRS 7 classifies financial instruments based on the degree that market values have been utilized when measuring fair value. All financial instruments measured at fair value held by Volvo are classified as level 2 with the exception of shares and participations, which are classified as level 1 for listed instruments and level 3 for unlisted instruments. Refer to Note 5 for more information regarding valuation

principles. None of these individual shareholdings is of significant value for Volvo.

² Volvo does not estimate the risk premium for the customer financing receivables and chooses therefore not to disclose fair value for this category.

NOTES TO FINANCIAL STATEMENTS

» Derecognition of financial assets

Financial assets that have been transferred are included in full or in part in the reported assets of the Volvo Group pursuant to the degree the risk and rewards related to the asset have been transferred to the recipient. In line with IAS 39, Financial Instruments, Recognition and Measurement, an evaluation is performed to establish whether, substantially, all the risks and rewards have been transferred to an external party. Where Volvo concludes this is not the case, the portion of the financial assets corresponding to Volvo's continuous involvement is recognized. At December 31, 2011, assets corresponding to Volvo's continuous involvement, primarily within customer financing operations, in an amount of SEK 0.6 billion (1.2) were recognized by Volvo.

Gains, losses, interest income and expenses related to financial instruments

The table below shows how gains and losses as well as interest income and expenses have affected income after financial items in the Volvo Group divided on the different categories of financial instruments.

Reported in operating income¹

SEK M	2011			2010		
	Gains/ losses	Interest income	Interest expenses	Gains/ losses	Interest income	Interest expenses
Financial assets and liabilities at fair value through profit and loss²						
Currency risk contracts-commercial exposure ³	(91)	-	-	661	-	-
Loans receivable and other receivables						
Accounts receivables / trade payables	65	-	-	(239)	-	-
Customer financing receivables VFS	68	4,862	-	58	5,144	-
Financial assets available for sale						
Shares and participations for which a market value can be calculated	20	-	-	40	-	-
Shares and participations for which a market value cannot be calculated	25	-	-	10	-	-
Financial liabilities valued at amortized cost⁴						
	-	-	(2,456)	-	-	(2,830)
Effect on operating income	87	4,862	(2,456)	530	5,144	(2,830)

Reported in net financial items⁵**Financial assets and liabilities at fair value through profit and loss**

Marketable securities	224	-	-	290	-	-
Interest and currency rate risk contracts- financial exposure ⁶	(409)	-	-	(1,319)	-	-
Loans receivable and other receivables						
Cash and Cash equivalents ⁷	-	545	-	(274)	423	-
Financial liabilities valued at amortized cost⁶						
	771	-	(2,642)	1,560	-	(2,591)
Effect on net financial items	586	548	(2,642)	257	430	(2,591)

1 Information is provided regarding changes in provisions for doubtful receivables and customer financing in Notes 15 and 16, Accounts receivable and customer financing receivables, as well as in Note 8, Other financial income and expenses.

2 Accrued and realized interest is included in gains and losses related to Financial assets and liabilities at fair value through profit and loss.

3 Volvo uses forward contracts and currency options to hedge the value of future payment flows in foreign currency. Both unrealized and realized result on currency risk contracts are included in the table. Refer to Note 4, Goals and policies in financial risk management.

4 Interest expenses attributable to financial liabilities valued at amortized cost recognized in operating income include interest expenses for financing operational leasing activities, not classified as financial instruments.

5 In gains, losses, income and expenses related to financial instruments recognized in Net financial items, 569 (520) was recognized under other financial income and expenses. Refer to Note 9, Other financial income and expenses for further information. Interest expenses attributable to pensions, 191 (276) are not included in this table.

6 Gains and losses related to changes in foreign currency rates on currency rate risk contracts for financial exposure is neg 746 (neg 1,637) and 771 (1,560) for financial liabilities valued at amortized cost. Refer to Note 9, Other financial income and expenses for further information.

7 The net effect of gains and losses related to the devaluation in Venezuela 2010 was neg 274.

Below is a presentation of derivative instruments and options of financial and commercial receivables and liabilities.

Outstanding derivative instruments for dealing with currency and interest-rate risks related to financial assets and liabilities

SEK M	Dec 31, 2011		Dec 31, 2010	
	Notional amount	Carrying value	Notional amount	Carrying value
Interest-rate swaps				
- receivable position	76,383	4,024	70,067	3,539
- payable position	68,046	(3,450)	65,576	(3,924)
Forwards and futures				
- receivable position	7,155	0	900	0
- payable position	6,908	0	400	0
Foreign exchange derivative contracts				
- receivable position	18,520	227	13,336	143
- payable position	33,005	(642)	25,192	(381)
Options purchased				
- receivable position	991	231	1,126	181
- payable position	104	0	0	0
Options written				
- receivable position	89	0	0	0
- payable position	978	(231)	976	(182)
Total		159		(624)

Outstanding forward contracts and options contracts for hedging of currency risk and interest risk of commercial receivables and liabilities

SEK M	Dec 31, 2011		Dec 31, 2010	
	Notional amount	Carrying value	Notional amount	Carrying value
Foreign exchange derivative contracts				
- receivable position	2,444	54	6,418	188
- payable position	5,145	(200)	3,381	(75)
Options purchased				
- receivable position	3,521	53	558	9
- payable position	-	-	-	-
Options written				
- receivable position	-	-	-	-
- payable position	3,532	(79)	558	(4)
Subtotal		(172)		118
Raw materials derivative contracts				
- receivable position	(227)	68	579	168
- payable position	693	(134)	39	(41)
Total		(238)		245

Hedge accounting - supplementary information

Hedging of forecast electricity consumption

In 2011, Volvo recognized 4 (4) related to the ineffectiveness of the hedging of forecasted electricity.

Hedging of net investments in foreign operations

A total of negative 205 (neg: 202) in shareholders' equity relating to hedging of net investments in foreign operations was recognized in 2010.

Hedging of currency and interest rate risks on loans

Fair value of the hedge instruments outstanding amounts to 1,484 (1,168). The carrying amount of the loan related to hedge accounting amounts to a negative 1,285 (neg: 977). The changes in the fair value of the hedge instruments outstanding and the changes in the carrying amount of the loan are reported in profit and loss.

PARENT COMPANY AB VOLVO

Corporate registration number 556012-5790.

Amounts in SEK M unless otherwise specified. The amounts within parentheses refer to the preceding year.

Board of Directors' report

AB Volvo is Parent Company of the Volvo Group and its operations comprise the Group's head office with staff together with some corporate functions.

Income from investments in Group companies includes dividends amounting to 2,719 (8,145) and Group contributions, transfer price adjustments and royalties net of 6,086 (5,126). Dividends include 2,500 from Volvo Construction Equipment NV.

The carrying value of shares and participations in Group companies amounted to 59,460 (59,429), of which 58,934 (58,903) pertained to shares in wholly owned subsidiaries. The corresponding shareholders' equity in the subsidiaries (including equity in untaxed reserves but excluding minority interests) amounted to 99,139 (90,261).

Shares and participations in non-Group companies included 413 (170) in associated companies that are reported in accordance with the equity method in the consolidated accounts. The portion of shareholders' equity in associated companies accruing to AB Volvo totaled 413 (322). Shares and participations in non-Group companies include listed shares in Deutz AG with a carrying value of 299, corresponding to the quoted market price at year-end. In 2011 revaluation of the ownership has decreased the value by 159, recognized in equity and included in Other comprehensive income in the income statement.

Financial net debt amounted to 30,665 (30,376).

AB Volvo's risk capital (shareholders' equity plus untaxed reserves) amounted to 42,163 corresponding to 55% of total assets. The comparable figure at year-end 2010 was 54%.

INCOME STATEMENT

SEK M		2011	2010
Net sales	Note 2	721	564
Cost of sales	Note 2	(721)	(564)
Gross income		0	0
Administrative expenses	Note 2, 3	(880)	(652)
Other operating income and expenses	Note 4	(146)	8
Income from investments in Group companies	Note 5	8,743	13,252
Income from investments in associated companies	Note 6	130	(94)
Income from other investments	Note 7	4	3
Operating income		7,851	12,517
Interest income and similar credits	Note 8	0	0
Interest expenses and similar charges	Note 8	(1,677)	(893)
Other financial income and expenses	Note 9	(96)	(65)
Income after financial items		6,078	11,559
Allocations	Note 10	0	0
Income taxes	Note 11	(597)	(1,231)
Income for the period		5,481	10,328

OTHER COMPREHENSIVE INCOME

Income for the period	5,481	10,328
Available-for-sale investments	(159)	172
Other comprehensive income, net of income taxes	(159)	172
Total comprehensive income for the period	5,322	10,500

BALANCE SHEET

SEK M

December 31, 2011

December 31, 2010

Assets

Non-current assets

Intangible assets	Note 12	88	103
Tangible assets	Note 12	80	16

Financial assets

Shares and participations in Group companies	Note 13	59,460	59,429
Receivables from Group companies		38	0
Other shares and participations	Note 13	2,953	2,498
Deferred tax assets	Note 11	3,060	3,657

Total non-current assets		65,679	65,703
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Current assets

Current receivables

Current receivables Group companies		10,843	12,226
Current tax receivables		0	0
Other current receivables	Note 14	501	261
Cash and bank accounts		0	0

Total current assets		11,344	12,487
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Total assets		77,023	78,190
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Shareholders' equity and liabilities

Shareholders' equity

Restricted equity

Share capital (2,128,420,220 shares, quota value SEK 1,20)		2,554	2,554
Statutory reserve		7,337	7,337

Unrestricted equity

Non-restricted reserves		224	383
Retained earnings		26,563	21,251
Income for the period		5,481	10,328

Total shareholders' equity		42,159	41,853
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Untaxed reserves	Note 15	4	4
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Provisions

Provisions for pensions	Note 16	141	133
Other provisions	Note 17	42	1

Non-current liabilities

Liabilities to Group companies	Note 18	7	7
Other non-current liabilities		11	10

Current liabilities

Trade payables		164	78
Other liabilities to Group companies		34,260	35,835
Other current liabilities	Note 19	235	269

Total shareholders' equity and liabilities		77,023	78,190
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Assets pledged

Contingent liabilities	Note 20	270,346	250,606
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CASH-FLOW STATEMENT

SEK M	2011	2010
Operating activities		
Operating income	7,851	12,517
Depreciation and amortization	16	16
Other adjustments of operating income	Note 21 (404)	(20,543)
Total change in working capital whereof	(185)	142
<i>Change in accounts receivable</i>	(171)	195
<i>Change in trade payables</i>	188	(7)
<i>Other changes in working capital</i>	(202)	(46)
Interest and similar items received	0	0
Interest and similar items paid	(1,672)	(888)
Other financial items	(152)	(65)
Income taxes (paid)	-	(176)
Cash-flow from operating activities	5,454	(8,997)
Investing activities		
Investments in fixed assets	(65)	(11)
Shares and participations in Group companies, net	Note 21 (93)	(2,386)
Shares and participations in non-Group companies, net	Note 21 (508)	(63)
Cash-flow after net investments	4,788	(11,457)
Financing activities		
Increase in loans	Note 21 281	11,457
Dividend to AB Volvo's shareholders	(5,069)	-
Change in liquid funds	0	0
Liquid funds, January 1	0	0
Liquid funds, December 31	0	0

Liquid funds

Liquid funds include cash and bank balances.

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Restricted equity			Unrestricted equity			Total shareholders' equity
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Total	
Balance at December 31, 2009	2,554	7,337	190	21	21,251	21,462	31,353
Income for the period	-	-	-	-	10,328	10,328	10,328
<i>Other comprehensive income</i>							
Available-for-sale investments:							
Gain/(loss) at valuation to fair value	-	-	-	172	-	172	172
Other comprehensive income	-	-	-	172	-	172	172
Total income for the period	-	-	-	172	10,328	10,500	10,500
Balance at December 31, 2010	2,554	7,337	190	193	31,579	31,962	41,853
Income for the period	-	-	-	-	5,481	5,481	5,481
<i>Other comprehensive income</i>							
Available-for-sale investments:							
Gain/(loss) at valuation to fair value	-	-	-	(159)	-	(159)	(159)
Other comprehensive income	-	-	-	(159)	-	(159)	(159)
Total income for the period	-	-	-	(159)	5,481	5,322	5,322
<i>Transactions with shareholders</i>							
Cash dividend	-	-	-	-	(5,069)	(5,069)	(5,069)
Dividend to AB Volvo's shareholders	-	-	0	-	53	53	53
Transactions with shareholders	-	-	0	-	(5,016)	(5,016)	(5,016)
Balance at December 31, 2011	2,554	7,337	190	34	32,044	32,268	42,159

Further information regarding the share capital of the Parent Company is shown in Note 19 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

Amounts in SEK M unless otherwise specified. The amounts within parentheses refer to the preceding year, 2010.

NOTE 1 ACCOUNTING PRINCIPLES

The accounting principles applied by Volvo are described in note 1 to the consolidated financial statements.

The Parent Company also applies RFR 2 including the exception in the application of IAS 39 which concerns accounting and valuation of financial contracts of guarantee in favour of subsidiaries and associated companies.

The long term share-based incentive program adopted at the Annual General Meeting of 2011 is covered by IFRS 2 Share-based payments.

The Volvo Group has adopted IAS 19 Employee Benefits in its financial reporting. The Parent Company is still applying the principles of Far's Recommendation RedR4 "Accounting of pension liabilities and pension costs"

as in previous years. Consequently there are differences between the Volvo Group and the Parent Company in the accounting for defined-benefit pension plans as well as in valuation of plan assets invested in the Volvo Pension Foundation.

The difference between depreciation according to plan and tax depreciation is reported as accumulated additional depreciation, which is included in untaxed reserves. In the consolidated balance sheet a split is made between deferred tax liability and equity.

Reporting of Group contributions is in accordance with the alternative rule in RFR 2. Group contributions are reported among Income from investments in Group companies.

NOTE 2 INTRA-GROUP TRANSACTIONS

Of the Parent Company's net sales, 620 (499) pertained to Group companies while purchases from Group companies amounted to 602 (449).

NOTE 3 ADMINISTRATIVE EXPENSES

Depreciation

Administrative expenses include depreciation of 16 (16) of which 0 (1) pertains to machinery and equipment, 1 (0) to buildings and 15 (15) to other intangible assets.

Fees to the auditors	2011	2010
PricewaterhouseCoopers		
- Audit fees	17	17
- Audit-related fees	1	1
- Tax advisory services	0	0
Total	18	18

See Note 28 for the Group for a description of the different categories of fees to the auditors.

Personnel

Wages, salaries and other remunerations amounted to 231 (211), social costs to 68 (61) and pension costs to 69 (81). Of the pension costs, 7 (6) pertained to Board members and Presidents. The Parent Company has outstanding pension obligations of 0 (-) to these individuals.

Part of social costs relate to pensions. In previous years, AB Volvo has reclassified such portion of social costs to pension costs. In the 2011 Annual Report, this part has not been reclassified to pension costs as an adaption to praxis. Pension costs for 2010 has been adjusted downwards with 23.

The number of employees at year-end was 181 (198). Information on the average number of employees, wages, salaries and other remunerations including incentive program as well as Board members and senior executives by gender is shown in note 27 to the consolidated financial statements.

NOTE 4 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include expenses of 101 (-) due to damages from a settlement of a legal process. Further restructuring costs of 42 (-) and profit-sharing payments to employees of 3 (1) are included.

NOTE 5 INCOME FROM INVESTMENTS IN GROUP COMPANIES

Of the income reported, 2,719 (8,145) pertain to dividends from Group companies. Of the dividends, 2,500 (1,801) pertain to dividend from Volvo Construction Equipment NV, 156 (-) from Volvo East Asia Ltd. and 63 (-) from Volvo Norge AS. The shares in Volvo Italia SpA were written down by 60. Liquidation of Volvo Automotive Holding BV has resulted in a net loss of 2.

Group Contributions, transfer price adjustments and royalties total a net of 6,086 (5,126)

NOTE 6 INCOME FROM INVESTMENTS IN ASSOCIATED COMPANIES

Income from associated companies that are reported in the Group accounts in accordance with the equity method amounted to 106 (neg 94). Dividend of 24 (14) was received from VE Commercial Vehicles Ltd. The participations in Blue Chip Jet I HB and Blue Chip Jet II HB have effected the income with 5 (8) and 101 (neg 116) respectively.

NOTE 7 INCOME FROM OTHER INVESTMENTS

A dividend of 4 (2) received from Eicher Motors Ltd. is included in Income from other investments.

NOTE 8 INTEREST INCOME AND EXPENSES

Interest income and similar credits amounting to 0 (0) included interest in the amount of 0 (0) from subsidiaries, and interest expenses and similar charges totalling 1,677 (893) included interest of 1,672 (888) to subsidiaries.

NOTE 9 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses include guarantee commissions from subsidiaries, cost for credit facilities, costs for credit rating and costs of having Volvo shares registered.

NOTE 10 ALLOCATIONS

Allocation to additional depreciation has been made during the year with 0 (0).

NOTES TO FINANCIAL STATEMENTS

NOTE 11 INCOME TAXES

	2011	2010
Current taxes	-	(176)
Deferred taxes	(597)	(1,055)
Total income taxes	(597)	(1,231)

Current taxes relate to prior periods.

Deferred taxes relate to estimated tax on the change in tax-loss carryforwards and temporary differences. Deferred tax assets are reported to the extent that it is probable that the amount can be utilized against future taxable income.

Deferred taxes related to change in tax-loss carryforwards amount to an expense of 602 (1,063) and to changes in other temporary differences to 5 (8).

The table below shows the principal reasons for the difference between the corporate income tax of 26.3% and the tax for the period.

	2011	2010
Income before taxes	6,078	11,559
Income tax according to applicable tax rate	(1,598)	(3,040)
Capital gains/losses	0	0
Non-taxable dividends	723	2,146
Non-taxable revaluations of shareholdings	(16)	(8)
Other non-deductible expenses	(6)	(156)
Other non-taxable income	300	3
Adjustment of current taxes for prior periods	-	(176)
Income taxes for the period	(597)	(1,231)

Specification of deferred tax assets	2011	2010
Tax-loss carryforwards	2,885	3,487
Valuation allowance for doubtful receivables	1	1
Provision for post-employment benefits	163	169
Other deductible temporary differences	11	-
Deferred tax assets	3,060	3,657

NOTE 12 INTANGIBLE AND TANGIBLE ASSETS

Acquisition cost	Value in balance sheet 2010	Investments	Sales/scraping	Value in balance sheet 2011
Rights	52	-	-	52
Other intangible assets	138	-	-	138
Total intangible assets	190	-	-	190
Buildings	6	21	-	27
Land and land improvements	3	11	-	14
Machinery and equipment	46	1	0	47
Construction in progress	-	32	-	32
Total tangible assets	55	65	0	120

Accumulated depreciation	Value in balance sheet 2010 ¹	Depreciation ²	Sales/scraping	Value in balance sheet 2011	Net carrying value in balance sheet 2011 ³
Rights	52	-	-	52	0
Other intangible assets	35	15	-	50	88
Total intangible assets	87	15	-	102	88
Buildings	2	1	-	3	24
Land and land improvements	0	0	-	0	14
Machinery and equipment	37	0	0	37	10
Construction in progress	-	-	-	-	32
Total tangible assets	39	1	0	40	80

1 Including accumulated write-downs.

2 Including write-downs.

3 Acquisition value, less accumulated depreciation, amortization and write-downs.

Capital expenditures in intangible and tangible assets amounted to - (22) and 65 (1) respectively. Capital expenditures approved but not yet implemented at year-end 2011 amounted to 1 (0).

NOTE 13 INVESTMENTS IN SHARES AND PARTICIPATIONS

Holdings of shares and participations are specified in AB Volvo's holding of shares. Changes in holdings of shares and participations are shown below.

	Group companies		Non-Group companies	
	2011	2010	2011	2010
Balance sheet, December 31, previous year	59,429	57,062	2,498	2,363
Acquisitions/New issue of shares	94	-	508	87
Divestments	(3)	(3,493)	-	0
Shareholder contributions	-	5,879	-	-
Write-downs/participations in partnerships	(60)	(19)	106	(124)
Revaluation of shares in listed companies	-	-	(159)	172
Balance sheet, December 31	59,460	59,429	2,953	2,498

Shares and participations in Group companies

During 2011 AB Volvo acquired total shares in VFS Latvia SIA to a value of 9. Shares were also acquired in Volvo Lastvagnar AB, Volvo Bussar AB and AB Volvo Penta by total 85 from Volvo Italia SpA. AB Volvo consequently has got 100% hold in these companies.

Write-down was made at year-end of the holding of shares in Volvo Italia SpA with 60.

Volvo Automotive Holding BV with the book value of 3 has been liquidated.

During 2010 AB Volvo transferred the company's holding of preference shares in UD Trucks Corporation, with the book value of 3,493, as shareholders' contribution to Volvo Group Japan Corporation. Shareholders' contribution was also made to Kommersiella Fordon Europa AB with 1,801.

Shares and participations in non-Group companies

During 2011 AB Volvo acquired 49% of the hold in CPAC Systems AB from Volvo Technology Transfer AB by 367. A capital contribution of 137 (76) was given to Blue Chip Jet II HB. The book value of the participations in the partnerships Blue Chip Jet I HB and Blue Chip Jet II HB increased during the year by a net of 106 (neg 113).

The revaluation of AB Volvo's ownership in the listed company Deutz AG has decreased the value by 159, recognized in other comprehensive income (previous year increase by 172).

Other shares and participations include the direct and indirect holdings of Volvo Eicher Commercial Vehicles Ltd. (VECV) for total amount of 1,848. In the consolidated accounts of the Volvo group, VECV is reported as a joint venture and consolidated according to the proportionate method. The indirect ownership is an effect of the acquisition of 8.1% of Eicher Motors Ltd., which is the other venturer of VECV. These shares are not separately valued as they form a part of the indirect ownership in VECV.

NOTE 14 OTHER CURRENT RECEIVABLES

	2011	2010
Accounts receivable	46	3
Prepaid expenses and accrued income	268	226
Other receivables	187	32
Total	501	261

The valuation allowance for doubtful receivables amounted to 3 (4) at the end of the year.

NOTE 15 UNTAXED RESERVES

The composition of untaxed reserves	Value in balance sheet 2011	Value in balance sheet 2010
Accumulated additional depreciation		
Land	3	3
Machinery and equipment	1	1
Total	4	4

NOTES TO FINANCIAL STATEMENTS

NOTE 16 PROVISIONS FOR PENSIONS

Provisions for pensions and similar benefits correspond to the actuarially calculated value of obligations not insured with third parties or secured through transfers of funds to pension foundations. The amount of pensions falling due within one year is included. AB Volvo has insured the pension obligations with third parties. Of the amount reported, 8 (0) pertains to contractual obligations within the framework of the PRI (Pension Registration Institute) system.

The Volvo Pension Foundation was formed in 1996. Plan assets amounting to 224 were contributed to the foundation at its formation, corresponding to the value of the pension obligations at that time. Since its formation, net contributions of 25 have been made to the foundation.

AB Volvo's pension costs amounted to 69 (81).

In previous years, part of social costs has been reclassified to pension costs. In the 2011 Annual Report, this part has not been reclassified to pension costs as an adaption to praxis. Pension costs for 2010 has been adjusted downwards with 23.

The accumulated benefit obligation of all AB Volvo's pension obligations at year-end 2011 amounted to 646, which has been secured in part through provisions in the balance sheet and through transfer of funds to pension foundations. Net asset value in the Pension Foundation, marked to market, accrued to AB Volvo was 9 lower than the corresponding pension obligations. A provision was recorded to cover this deficit.

NOTE 17 OTHER PROVISIONS

Other provisions include provisions for restructuring measures of 42 (-).

NOTE 21 CASH-FLOW

Other adjustments of operating income	2011	2010
Revaluation of shareholdings	(46)	116
Group contributions and transfer price adjustments, current year	(7,110)	(6,673)
Settlements of previous year's Group contributions and transfer price adjustments	6,673	(14,016)
Other	79	30
Total	(404)	(20,543)

Further information is provided in Notes 5, 6 and 7.

Shares and participations in Group companies, net	2011	2010
Investments	(94)	(2,386)
Disposals	1	-
Net investments in shares and participations in Group companies	(93)	(2,386)

Investments and sales of shares in Group companies are shown in Note 13.

NOTE 18 NON-CURRENT LIABILITIES

Non-current debt matures as follows:

2013	11
2016 or later	7
Total	18

NOTE 19 OTHER CURRENT LIABILITIES

	2011	2010
Wages, salaries and withholding taxes	70	94
Other liabilities	19	2
Accrued expenses and prepaid income	146	173
Total	235	269

No collateral is provided for current liabilities.

NOTE 20 CONTINGENT LIABILITIES

Of the contingent liabilities amounting to 270,346 (250,606), 270,336 (250,597) pertained to Group companies.

Guarantees for various credit programs are included in amounts corresponding to the credit limits. These guarantees amount to 261,576 (243,089), of which guarantees on behalf of Group companies totalled 261,576 (243,089).

At the end of each year, the utilized portion amounted to 125,123 (108,562), including 125,113 (108,476) pertaining to Group companies.

Shares and participations in non-Group companies, net	2011	2010
Investments	(508)	(78)
Disposals	-	15
Net investments in shares and participations in non-Group companies	(508)	(63)

Investments and sales of shares in non-Group companies are presented in Note 13.

Increase in loans

Increase in loans is related to the company's liability in the group account at Volvo Treasury AB. The liability has increased by 281 (11,457).

AB VOLVO'S HOLDING OF SHARES

AB Volvo's holding of shares and participations in non-Group companies ¹	Registration number	Percentage holding ²	Dec 31, 2011	Dec 31, 2010
			Carrying value, SEK M	Carrying value, SEK M
Deutz AG, Germany	-	7	299	458
Blue Chip Jet II HB, Sweden	969717-2105	50	413	170
Other investments			25	22
Total carrying value, non-Group companies			737	650

1 AB Volvo's holdings of shares and participations include the direct and indirect holdings of VE Commercial Vehicles (VECV). AB Volvo's direct holdings in VECV amount to SEK 1,848 M. In the consolidated accounts of the Volvo group, VECV is reported as a joint venture, consolidated according to the proportionate method, and accordingly included in the table for Group companies below.

2 Percentage figures refer to share capital as well as voting rights.

AB Volvo's holding of shares and participations in major Group companies	Registration number	Percentage holding	Dec 31, 2011	Dec 31, 2010
			Carrying value, SEK M	Carrying value, SEK M
Volvo Lastvagnar AB, Sweden	556013-9700	100	8,711	8,678
Volvo Truck Center Sweden AB, Sweden	556072-7777	100	-	-
Volvo Finland AB, Finland	-	100	-	-
Volvo Group Belgium NV, Belgium	-	100	-	-
Volvo Group UK Ltd, Great Britain	-	100	-	-
Volvo India Ltd, India	-	100	-	-
Volvo Holding Sverige AB, Sweden	556539-9853	100	7,634	7,634
BRS Ltd, Great Britain	-	100	-	-
Volvo Construction Equipment North America, Canada	-	100	-	-
Volvo Polska Sp. O.O., Poland	-	100	-	-
Volvo (Southern Africa) Pty Ltd, South Africa	-	100	-	-
Volvo do Brasil Veiculos Ltda, Brazil	-	100	-	-
Banco Volvo (Brasil) SA, Brazil	-	100	-	-
Volvo Group Canada Inc., Canada	-	100	-	-
Prévost Car Inc, Canada	-	100	-	-
Volvo Group Australia Pty Ltd, Australia	-	100	-	-
Volvo Group Automotive Ticaret, Ltd, Sirketi, Turkey ¹	-	100	-	-
Volvo Holding France SA, France	-	100	-	-
Volvo Trucks France s.a.s., France	-	100	-	-
Volvo Compact Equipment s.a.s., France	-	100	-	-
Volvo CE Europe s.a.s., France	-	100	-	-
VFS Finance France s.a.s., France	-	100	-	-
VFS Location France s.a.s., France	-	100	-	-

NOTES TO FINANCIAL STATEMENTS

AB Volvo's holding of shares and participations in major Group companies (cont.)	Registration number	Percentage holding	Dec 31, 2011	Dec 31, 2010
			Carrying value, SEK M	Carrying value, SEK M
Renault Trucks s.a.s., France	-	100	-	-
Renault Trucks Deutschland GmbH, Germany	-	100	-	-
Renault Trucks Polska SP Z OO, Poland	-	100	-	-
Renault Trucks, España, Spain	-	100	-	-
Renault Trucks Italia Spa, Italy	-	100	-	-
Volvo Group Japan Co, Japan	-	100	6,379	6,379
UD Trucks Corporation, Japan	-	100	-	-
DRD Co., Ltd, Japan	-	100	-	-
UD Trucks Japan Co, Japan	-	100	-	-
UD Trucks South Africa (Pty) Ltd., South Africa	-	100	-	-
Volvo Bussar AB, Sweden	556197-3826	100	1,917	1,882
Volvo Construction Equipment NV, The Netherlands	-	100	2,582	2,582
Volvo Construction Equipment AB, Sweden	556021-9338	100	-	-
Volvo Maskin AS, Norway	-	100	-	-
Volvo Construction Equipment Europe GmbH, Germany	-	100	-	-
ABG Allgemeinen Baumaschinen GmbH, Germany	-	100	-	-
AB Volvo Penta, Sweden	556034-1330	100	438	421
Volvo Aero AB, Sweden	556029-0347	100	2,885	2,885
Volvo Aero Norge AS, Norway	-	100	-	-
VNA Holding Inc., USA	-	100	2,491	2,491
Volvo Group North America Inc., USA	-	100	-	-
Arrow Truck Sales, Inc., USA	-	100	-	-
Mack Trucks Inc., USA	-	100	-	-
Volvo Construction Equipment North America Inc., USA	-	100	-	-
Volvo Penta of The Americas Inc., USA	-	100	-	-
Volvo Commercial Finance LLC The Americas, USA	-	100	-	-
VFS US LLC, USA	-	100	-	-

AB Volvo's holding of shares and participations in major Group companies (cont.)	Registration number	Percentage holding	Dec 31, 2011	Dec 31, 2010
			Carrying value, SEK M	Carrying value, SEK M
Volvo Financial Services AB, Sweden	556000-5406	100	1,945	1,945
VFS International AB, Sweden	556316-6064	100	-	-
VFS Nordic AB, Sweden	556579-1778	100	-	-
VFS Financial Services BV, The Netherlands	-	100	-	-
VFS Financial Services Belgium NV, Belgium	-	100	-	-
VFS Financial Services (UK) Ltd, Great Britain	-	100	-	-
VFS Deutschland GmbH, Germany	-	100	-	-
VFS Financial Services Spain EFC, SA, Spain	-	100	-	-
Volvo Finance (Suisse) SA, Switzerland	-	100	-	-
VFS Vostok, Russia	-	100	-	-
VFS Romania, Romania	-	100	-	-
VFS Canada Inc, Canada	-	100	-	-
VE Commercial Vehicles, Ltd, India ^{2,7}	-	50	-	-
Volvo Treasury AB, Sweden	556135-4449	100	13,044	13,044
Sotrof AB, Sweden	556519-4494	100	1,388	1,388
Volvo Group Real Estate AB, Sweden	556006-8313	100	-	-
Volvo Korea Holding AB, Sweden	556531-8572	100	2,655	2,655
Volvo Group Korea Co Ltd, South Korea	-	100	-	-
Volvo China Investment Co Ltd, China	-	100	1,096	1,096
Shanghai Sunwin Bus Co, China ²	-	50	-	-
Shandong Lingong Construction Machinery, China	-	70	-	-
Volvo Automotive Finance (China) Ltd, China	-	100	491	491
Volvo Group UK Ltd, Great Britain ³	-	100	413	413
Volvo Holding Mexico, Mexico	-	100	531	531
Volvo Technology Transfer AB, Sweden	556542-4370	100	361	361
Volvo Powertrain AB, Sweden	556000-0753	100	498	498
Volvo Information Technology AB, Sweden	556103-2698	100	663	663
Volvo Parts AB, Sweden	556365-9746	100	200	200
Volvo Group Insurance Försäkrings AB, Sweden	516401-8037	100	182	182
Volvo Business Services AB, Sweden	556029-5197	100	107	107
Volvo Danmark Holding AS, Denmark	-	100	104	104
VFS Servizi Finanziari Spa, Italy ⁴	-	100	79	79
Kommersiella Fordon Europa AB, Sweden	556049-3388	100	1,890	1,890
Volvo Norge AS, Norway	-	100	56	56
Volvo Malaysia Sdn, Malaysia	-	100	48	48
ZAO Volvo Vostok, Russia ⁵	-	100	34	34
Volvo Italia Spa, Italy	-	100	496	556
Volvo Logistics AB, Sweden	556197-9732	100	85	85
Rosaredds Fastighets AB, Sweden	556009-1190	100	26	26
Alviva AB, Sweden	556622-8820	100	5	5
Volvo East Asia (Pte) Ltd, Singapore	-	100	9	9
Volvo Automotive Holding BV, The Netherlands	-	100	-	3
Volvo Information Technology GB Ltd, Great Britain	-	100	3	3
VFS Latvia SIA, Latvia	-	100	9	-
Other holdings	-	-	5	5
Total carrying value Group companies⁶			59,460	59,429

1 Total holding by Volvo Holding Sverige and Volvo Lastvagnar is 100%.

2 Joint venture, reported in accordance with the proportionate consolidation method in Volvo's consolidated accounts.

3 Total holding by Volvo Lastvagnar AB and AB Volvo is 100%.

4 Total holding by Volvo Italia and AB Volvo is 100%.

5 Total holding by AB Volvo and Volvo Trucks Region Central Europe is 100%.

6 AB Volvo's share of shareholders' equity in subsidiaries (including equity in untaxed reserves) was 99,139 (90,261).

7 AB Volvo's holdings of shares and participations include the direct and indirect holdings of VE Commercial Vehicles (VECV). AB Volvo's direct holdings in VECV amount to 1,848. In the consolidated accounts of the Volvo Group, VECV is reported as a joint venture, consolidated according to the proportionate method, and accordingly included in the table for group companies above.

PROPOSED REMUNERATION POLICY

The proposal by the Board of Directors of AB Volvo to be adopted by the Annual General Meeting April 4, 2012.

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 2011 sets out details on the total remuneration and benefits awarded to the Executives during 2011.

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 2012.

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 65th 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 ongoing and those that have ended during the year, for Executives, (iii) monitoring and evaluating the application of this Policy, and (iv) monitoring and evaluating current remuneration structures and levels in the Company.

The Remuneration Committee prepares and the Board decides on (i) terms of employment and remuneration of the President and the Deputy President, if any, and (ii) principles for remuneration (incl. pension and severance pay) for the Group Executive Team. 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 2012 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.

8. Deviations from current Policy

The Board of Directors was authorized to deviate from the Policy of Remuneration to Senior Executives adopted by the Annual General Meeting of AB Volvo held in 2011 according to section 6 of said Policy. The Board has resolved on one such deviation, by approving that the variable salary for the President of Volvo Aero may exceed 60% of the fixed annual salary if certain parameters in relation to the potential divestment of Volvo Aero are fulfilled. The reason for the deviation is that there is a strong interest in securing the continued efforts of the President of Volvo Aero in the possible divestment thereof, for the purpose of concluding a transaction on the best possible terms for AB Volvo and its shareholders.

The policy concerning remuneration and other terms of employment for the Group Executive Team decided at the Annual General Meeting 2011 is provided in Note 27 Personnel.

PROPOSED DISPOSITION OF UNAPPROPRIATED EARNINGS

AB Volvo	SEK
Retained earnings	26,787,875,659.22
Income for the period 2010	5,480,540,903.23
Total retained earnings	32,268,416,562.45

The Board of Directors and the President propose that the above sum be disposed of as follows:

	SEK
To the shareholders, a dividend of SEK 3.00 per share	6,082,283,862.00 ¹
To be carried forward	26,186,132,700.45
Total	32,268,416,562.45

The record date for determining who is entitled to receive dividends is proposed to be Wednesday April 11, 2012.

In view of the Board of Directors' proposal to the Annual General Meeting to be held April 4, 2012 to decide on the distribution of a dividend of SEK 3.00 per share, the Board hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The Board of Directors concludes that the Company's restricted equity is fully covered after the proposed dividend. The Board further concludes that the proposed dividend is justifiable in view of the parameters set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. In connection herewith, the Board wishes to point out the following.

The proposed dividend reduces the Company's solvency from 54.7 per cent to 50.9 per cent and the Group's solvency from 24.3 per cent to 22.9 per cent, calculated as per year end 2011. The Board of Directors considers this solvency to be satisfactory with regard to the business in which the Group is active.

According to the Board of Directors' opinion, the proposed dividend will not affect the Company's or the Group's ability to fulfil their payment obligations and the Company and the Group are well prepared to handle both changes in the liquidity and unexpected events.

The Board of Directors is of the opinion that the Company and the

Group have capacity to assume future business risks as well as to bear contingent losses. The proposed dividend is not expected to adversely affect the Company's and the Group's ability to make further commercially justified investments in accordance with the Board of Directors' plans.

In addition to what has been stated above, the Board of Directors has considered other known circumstances which may be of importance for the Company's and the Group's financial position. In doing so, no circumstance has appeared that does not justify the proposed dividend.

If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, SEK 26,186,132,700.45 will remain of the Company's non-restricted equity, calculated as per year end 2011.

The Board of Directors has the view that the Company's and the Group's shareholders' equity will, after the proposed dividend, be sufficient in relation to the nature, scope and risks of the business.

Had the assets and liabilities not been estimated at their market value pursuant to Chapter 4, Section 14 a of the Swedish Annual Accounts Act, the company's shareholders' equity would have been SEK 34,680,896.00 less.

¹ The total dividend amount is based on the number of outstanding shares as of February 23, 2012, i.e. 2,027,427,954 shares. The total dividend amount may change before the record date for determining who is entitled to receive dividends due to transfer of treasury shares to participants in the company's long-term, share-based incentive program.

The Board of Directors and the President certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Göteborg, February 23, 2012

Louis Schweitzer
Board Chairman

Peter Bijur
Board member

Jean-Baptiste Duzan
Board member

Hanne de Mora
Board member

Anders Nyrén
Board member

Olof Persson
President, CEO and
Board member

Ravi Venkatesan
Board member

Lars Westerberg
Board member

Ying Yeh
Board member

Peteris Lauberts
Board member

Mikael Sällström
Board member

Berth Thulin
Board member

Our audit report was issued on February 23, 2012

PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant
Lead Auditor

Johan Rippe
Authorized Public Accountant

AUDIT REPORT FOR AB VOLVO

To the annual meeting of the shareholders of AB Volvo, corporate identity number 556012-5790

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of AB Volvo for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 46-139.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts

have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of AB Volvo for the year 2011.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President are liable to the company. We also examined whether any member of the Board of Directors or the President have, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Göteborg February 23, 2012

PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant
Lead Auditor

Johan Rippe
Authorized Public Accountant

ELEVEN-YEAR SUMMARY

The eleven-year summary presents each year in accordance with the Generally Accepted Accounting Practice (GAAP) for that year. Earlier years are not restated when new accounting standards are applied. The years 2001–2003 are accounted for in accordance with Swedish GAAP for the respective year. As from 2004 the reporting is based on IFRS. The transition to IFRS is described in Note 3 in the 2005 and 2006 Annual

Reports. As from January 1, 2007, the benefits from the synergies created in the business units are transferred back to the product areas. Also, as from January 1, 2007, the responsibility for the Group's treasury operations and real estate has been transferred from Volvo Financial Services, which, as from January 1, 2007, only are consolidated in accordance with the purchase method. Comparison figures for 2006 have been recalculated.

Consolidated income statements

SEK M	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net sales	310,367	264,749	218,361	303,667	285,405	258,835	240,559	211,076	183,291	186,198	189,280
Cost of sales	(235,104)	(201,797)	(186,167)	(237,578)	(219,600)	(199,054)	(186,662)	(164,170)	(146,879)	(151,569)	(155,592)
Gross income	75,263	62,952	32,194	66,089	65,805	59,781	53,897	46,906	36,412	34,629	33,688
Research and development expenses	(13,276)	(12,970)	(13,193)	(14,348)	(11,059)	(8,354)	(7,557)	(7,614)	(6,829)	(5,869)	(5,391)
Selling expenses	(26,001)	(24,149)	(25,334)	(27,129)	(26,068)	(21,213)	(20,778)	(19,369)	(16,866)	(16,604)	(15,766)
Administrative expenses	(7,132)	(5,666)	(5,863)	(6,940)	(7,133)	(6,551)	(6,301)	(5,483)	(5,467)	(5,658)	(6,709)
Other operating income and expenses	(1,649)	(2,023)	(4,798)	(1,915)	163	(3,466)	(588)	(618)	(1,367)	(4,152)	(4,096)
Income (loss) from investments in associated companies	(81)	(86)	(14)	25	430	61	(557)	27	200	182	50
Income from other investments	(225)	(58)	(6)	69	93	141	37	830	(3,579)	309	1,410
Restructuring costs	-	-	-	-	-	-	-	-	-	-	(3,862)
Operating income (loss)	26,899	18,000	(17,013)	15,851	22,231	20,399	18,153	14,679	2,504	2,837	(676)
Interest income and similar credits	608	442	390	1,171	952	666	654	821	1,096	1,217	1,275
Interest expenses and similar charges	(2,875)	(3,142)	(3,559)	(1,935)	(1,122)	(585)	(972)	(1,254)	(1,888)	(1,840)	(2,274)
Other financial income and expenses	297	213	(392)	(1,077)	(504)	(181)	181	(1,210)	(55)	(201)	(191)
Income (loss) after financial items	24,929	15,514	(20,573)	14,010	21,557	20,299	18,016	13,036	1,657	2,013	(1,866)
Income taxes	(6,814)	(4,302)	5,889	(3,994)	(6,529)	(3,981)	(4,908)	(3,129)	(1,334)	(590)	326
Income (loss) for the period	18,115	11,212	(14,685)	10,016	15,028	16,318	13,108	9,907	323	1,423	(1,540)
Attributable to											
Equity holders of the Parent Company	17,751	10,866	(14,718)	9,942	14,932	16,268	13,054	9,867	298	1,393	(1,467)
Minority interest	364	346	33	74	96	50	54	40	25	30	(73)
	18,115	11,212	(14,685)	10,016	15,028	16,318	13,108	9,907	323	1,423	(1,540)

Consolidated income statements Industrial Operations

SEK M	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net sales	303,589	257,375	208,487	294,932	276,795	249,020	231,191	202,171	174,768	177,080	180,615
Cost of sales	(231,516)	(197,480)	(179,578)	(232,247)	(214,160)	(192,400)	(180,823)	(158,453)	(141,256)	(145,453)	(149,477)
Gross income	72,073	59,895	28,909	62,685	62,635	56,620	50,368	43,718	33,512	31,627	31,138
Research and development expenses	(13,276)	(12,970)	(13,193)	(14,348)	(11,059)	(8,354)	(7,557)	(7,614)	(6,829)	(5,869)	(5,391)
Selling expenses	(24,383)	(22,649)	(23,752)	(25,597)	(24,671)	(19,999)	(19,616)	(18,317)	(15,891)	(15,393)	(14,663)
Administrative expenses	(7,105)	(5,640)	(5,838)	(6,921)	(7,092)	(6,481)	(6,147)	(5,310)	(5,259)	(5,464)	(6,474)
Other operating income and expenses	(1,045)	(659)	(2,432)	(1,457)	249	(3,275)	(397)	7	(540)	(2,989)	(3,071)
Income from Volvo Financial Services	-	-	-	-	-	-	2,033	1,365	926	490	325
Income (loss) from investments in associated companies	(82)	(86)	(15)	23	428	61	(568)	2	166	126	(86)
Income from other investments	(225)	(57)	(13)	69	93	141	37	828	(3,581)	309	1,408
Restructuring costs	-	-	-	-	-	-	-	-	-	-	(3,862)
Operating income (loss)	25,957	17,834	(16,333)	14,454	20,583	18,713	18,153	14,679	2,504	2,837	(676)

ELEVEN-YEAR SUMMARY

Consolidated balance sheets

SEK M	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Intangible assets	39,507	40,714	41,628	43,958	36,508	19,117	20,421	17,612	16,756	17,045	17,525
Property, plant and equipment	54,540	54,242	55,280	57,270	47,210	34,379	35,068	31,151	30,640	30,799	33,234
Assets under operating leases	23,922	19,647	20,388	25,429	22,502	20,501	20,839	19,534	21,201	23,525	27,101
Shares and participations	1,874	2,098	2,044	1,953	2,219	6,890	751	2,003	22,206	27,492	27,798
Inventories	44,599	39,837	37,727	55,045	43,645	34,211	33,937	28,598	26,459	28,305	31,075
Customer-financing receivables	78,699	72,688	81,977	98,489	78,847	64,742	64,466	51,193	46,002	46,998	48,784
Interest-bearing receivables	3,638	2,757	3,044	5,101	4,530	4,116	1,897	3,384	6,632	5,490	8,079
Other receivables	59,877	53,154	50,575	61,560	55,152	42,567	42,881	35,747	32,621	33,990	39,946
Non-current assets held for sale	9,348	136	1,692	-	-	805	-	-	-	-	-
Cash and cash equivalents	37,241	32,733	37,910	23,614	31,034	31,099	36,947	34,746	28,735	25,578	27,383
Assets	353,244	318,007	332,265	372,419	321,647	258,427	257,207	223,968	231,252	239,222	260,925
Shareholders' equity ¹	85,681	74,121	67,034	84,640	82,781	87,188	78,760	70,155	72,636	78,525	85,576
Provision for post-employment benefits	6,665	7,510	8,051	11,705	9,774	8,692	11,986	14,703	15,288	16,236	14,647
Other provisions	20,815	18,992	19,485	29,076	27,084	20,970	18,556	14,993	15,048	16,721	18,427
Interest-bearing liabilities	130,479	123,695	156,852	145,727	108,318	66,957	74,885	61,807	74,092	72,437	81,568
Liabilities associated with assets held for sale	4,716	135	272	-	-	280	-	-	-	-	-
Other liabilities	104,888	93,554	80,571	101,271	93,690	74,340	73,020	62,310	54,188	55,303	60,707
Shareholders' equity and liabilities	353,244	318,007	332,265	372,419	321,647	258,427	257,207	223,968	231,252	239,222	260,925
¹ of which minority interests	1,100	1,011	629	630	579	284	260	229	216	247	391
Assets pledged	1,832	3,339	958	1,380	1,556	1,960	3,255	3,046	3,809	3,610	3,737
Contingent liabilities	17,154	11,003	9,607	9,427	8,153	7,726	7,850	9,189	9,611	9,334	10,441

Consolidated balance sheets, Industrial Operations

SEK M	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Intangible assets	39,385	40,613	41,532	43,909	36,441	19,054	20,348	17,570	16,662	16,919	17,366
Property, plant and equipment	54,446	54,169	55,208	57,185	47,132	30,493	31,330	27,260	27,248	27,789	30,370
Assets under operating leases	16,749	13,217	13,539	16,967	13,850	11,822	10,260	8,477	8,976	11,155	15,020
Shares and participations	1,871	2,080	2,025	1,935	2,189	16,565	10,357	10,116	30,022	34,750	35,145
Inventories	43,828	38,956	35,765	54,084	43,264	33,893	33,583	28,291	25,848	27,564	30,557
Customer-financing receivables	1,702	1,428	1,367	975	1,233	1,193	1,377	230	118	99	114
Interest-bearing receivables	6,734	11,153	8,010	6,056	13,701	13,214	7,691	12,127	9,413	8,495	12,426
Other receivables	59,062	52,358	49,008	60,586	55,970	43,335	43,992	36,535	33,079	34,256	38,815
Non-current assets held for sale	9,348	136	1,692	-	-	805	-	-	-	-	-
Cash and cash equivalents	35,951	31,491	37,404	22,575	30,026	29,907	36,047	34,628	28,102	24,154	24,874
Assets	269,076	245,602	245,550	264,272	243,806	200,281	194,985	175,234	179,468	185,181	204,687
Shareholders' equity	76,682	66,101	58,485	75,046	75,129	87,188	78,760	70,155	72,636	78,525	85,576
Provision for post-employment benefits	6,635	7,478	8,021	11,677	9,746	8,661	11,966	14,677	15,264	16,218	14,632
Other provisions	19,101	17,240	17,456	27,015	25,372	19,385	17,164	14,115	12,792	13,893	14,085
Interest-bearing liabilities	55,394	59,857	78,890	46,749	38,286	9,779	13,097	13,968	24,677	22,494	29,710
Liabilities associated with assets held for sale	4,716	135	272	-	-	280	-	-	-	-	-
Other liabilities	106,548	94,791	82,426	103,785	95,273	74,988	73,998	62,319	54,099	54,051	60,684
Shareholders' equity and liabilities	269,076	245,602	245,550	264,272	243,806	200,281	194,985	175,234	179,468	185,181	204,687

ELEVEN-YEAR SUMMARY

Consolidated cash-flow statements

SEK bn	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating income (loss)	26.9	18.0	(17.0)	15.9	22.2	20.4	18.2	14.7	2.5	2.8	(0.7)
Depreciation and amortization	13.9	13.8	15.2	13.5	12.5	12.4	9.9	10.0	10.2	10.8	10.0
Other non-cash items	1.3	1.6	4.4	(0.2)	(0.5)	0.7	0.4	(0.1)	4.9	2.0	0.5
Change in working capital	(15.1)	4.8	16.9	(23.3)	(9.9)	(7.7)	(4.7)	(1.4)	0.4	1.0	6.4
Customer financing receivables, net	-	-	-	-	-	-	(7.8)	(7.4)	(4.3)	(5.7)	(3.7)
Financial items and income tax	(7.3)	(5.5)	(4.6)	(5.2)	(5.9)	(4.3)	(2.0)	(0.5)	(0.9)	(1.3)	(2.1)
Cash-flow from operating activities	19.7	32.7	14.9	0.7	18.4	21.5	14.0	15.3	12.8	9.6	10.4
Investments in fixed assets	(12.6)	(10.4)	(10.5)	(12.7)	(10.1)	(10.0)	(10.3)	(7.4)	(6.0)	(6.7)	(8.1)
Investments in leasing assets	(7.4)	(4.8)	(4.2)	(5.4)	(4.8)	(4.6)	(4.5)	(4.4)	(5.3)	(5.2)	(5.8)
Disposals of fixed assets and leasing assets	3.3	3.1	3.8	2.9	2.9	3.2	2.6	2.4	2.9	3.2	2.6
Shares and participations, net	(0.1)	(0.1)	0.0	0.0	0.4	(5.8)	0.3	15.1	(0.1)	(0.1)	3.9
Acquired and divested subsidiaries and other business units, net	(1.6)	0.6	0.2	(1.3)	(15.0)	0.5	0.7	(0.1)	0.0	(0.2)	13.0
Interest-bearing receivables including marketable securities	2.6	6.8	(8.9)	10.9	3.6	7.7	(1.3)	(6.4)	(2.0)	(1.5)	(3.7)
Cash-flow after net investments	3.9	27.9	(4.7)	(4.9)	(4.6)	12.5	1.5	14.5	2.3	(0.9)	12.3
Change in loans, net	8.7	(25.7)	12.6	18.2	28.7	(2.6)	3.6	(8.8)	1.9	(0.1)	6.2
Repurchase of own shares	-	-	0.0	-	-	-	(1.8)	(2.5)	-	-	(8.3)
Dividend to AB Volvo's shareholders	(5.1)	0.0	(4.1)	(11.1)	(20.3)	(6.8)	(5.1)	(3.4)	(3.4)	(3.4)	(3.4)
Cash payment to minority	0.0	(0.1)	-	-	-	-	-	-	-	-	-
Other	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Change in cash and cash equivalents excluding translation differences	7.5	2.1	3.7	2.2	3.8	3.1	(1.8)	(0.2)	0.9	(4.3)	6.9
Translation differences on cash and cash equivalents	(0.1)	(0.4)	(0.2)	1.0	0.0	(0.5)	1.1	(0.2)	(0.6)	(0.7)	0.6
Change in cash and cash equivalents	7.4	1.7	3.5	3.2	3.8	2.6	(0.7)	(0.4)	0.3	(5.0)	7.5

Operating cash-flow Industrial Operations

SEK bn	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating income	26.0	17.8	(16.3)	14.5	20.6	18.7	16.1	13.3	1.6	2.3	(1.0)
Depreciation and amortization	11.4	11.4	12.4	11.8	10.3	9.8	7.3	7.1	7.2	7.8	7.0
Other items not affecting cash	0.6	0.1	2.3	(0.7)	(0.4)	0.2	0.2	(0.6)	4.1	1.0	0.0
Change in working capital	(4.2)	4.6	4.7	(10.9)	(0.1)	(3.1)	(5.6)	(1.4)	0.7	0.4	6.8
Financial items and income taxes	(6.9)	(5.1)	(4.7)	(5.0)	(6.0)	(3.7)	(1.9)	(0.2)	(0.7)	(1.1)	(2.3)
Cash-flow from operating activities	26.9	28.8	(1.6)	9.7	24.4	21.9	16.1	18.2	12.9	10.4	10.5
Investments in fixed assets	(12.6)	(10.3)	(10.3)	(12.6)	(10.1)	(9.7)	(9.9)	(7.2)	(5.8)	(6.3)	(7.7)
Investments in leasing assets	(1.4)	(0.3)	(0.2)	(0.4)	(0.2)	(0.5)	(0.3)	(0.3)	(0.1)	(0.1)	(0.5)
Disposals of fixed assets and leasing assets	1.2	0.8	0.7	0.6	1.1	0.9	0.9	0.7	0.6	1.1	1.1
Operating cash-flow	14.1	19.0	(11.4)	(2.7)	15.2	12.6	6.8	11.4	7.6	5.1	3.4

Exports from Sweden

SEK M	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Volvo Group, total	91,065	72,688	41,829	96,571	88,606	80,517	71,133	62,653	49,300	52,730	50,394

Key ratios

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Gross margin, % ¹	23.7	23.3	13.9	21.3	22.6	22.7	21.8	21.6	19.2	17.9	17.2
Research and development expenses as percentage of net sales ¹	4.4	5.0	6.3	4.9	4.0	3.4	3.3	3.8	3.9	3.3	3.0
Selling expenses as percentage of net sales ¹	8.0	8.8	11.4	8.7	8.9	8.0	8.5	9.1	9.1	8.7	8.1
Administration expenses as percentage of net sales ¹	2.3	2.2	2.8	2.3	2.6	2.6	2.7	2.6	3.0	3.1	3.6
Return on shareholders' equity, %	23.1	16.0	(19.7)	12.1	18.1	19.6	17.8	13.9	0.4	1.7	neg
Interest coverage, times ¹	9.6	5.9	(4.7)	8.8	20.7	26.1	16.7	11.0	1.9	2.2	neg
Self-financing ratio, %	118	270	137	5	153	189	116	163	152	110	92
Self-financing ratio Industrial Operations, %	210	294	(16)	78	265	235	173	268	243	196	148
Financial position, Industrial Operations, SEK M	(19,346)	(24,691)	(41,489)	(29,795)	(4,305)	23,076	18,675	18,110	(2,426)	(6,063)	(7,042)
Net financial position as percentage of shareholders' equity, Industrial Operations	(25.2)	(37.4)	(70.9)	(39.7)	(5.7)	29.2	23.7	25.8	(3.3)	(7.7)	(8.2)
Shareholders' equity as percentage of total assets	24.3	23.3	20.2	22.7	25.7	33.7	30.6	31.3	31.4	32.8	32.8
Shareholders' equity as percentage of total assets, Industrial Operations	28.5	26.9	23.8	28.4	30.8	40.6	40.4	40.0	40.5	42.4	41.8
Shareholders' equity excluding minority interest as percentage of total assets	23.9	23.0	20.0	22.6	25.6	33.6	30.5	31.2	31.3	32.7	32.6

¹ Pertains to the Industrial Operations. For periods up to and including 2006, Volvo Financial Services is included and consolidated according to the equity method.

ELEVEN-YEAR SUMMARY

Volvo share statistics

Data per share

(adjusted for issues and splits)¹

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Basic earnings, SEK ¹	8.75	5.36	(7.26)	4.90	7.37	8.03	6.44	4.72	0.14	0.66	(0.70)
Cash dividend, SEK	3.00 ¹⁰	2.50	0	2.00	5.50	10.00 ⁹	3.35	2.50	1.60	1.60	1.60
Share price at year-end, SEK (B share)	75.30	118.50	61.45	42.90	108.50	90.70	74.90	52.70	43.70	28.40	35.20
Direct return, % (B share) ²	4.0	2.1	-	4.7	5.1	11.0	4.5	4.7	10.5 ⁸	5.6	4.5
Effective return, % (B share) ³	(34)	97	43	(59)	25.7	39.8	48.5	25.5	71.2	(14.8)	17.6
Price/earnings ratio (B share) ⁴	8.6	22.1	neg	8.8	14.7	11.3	11.6	11.2	310	43	neg
EBIT multiple ⁵	5.1	12.0	neg	3.6	9.7	10.3	9.3	9.2	14	23	25
Payout ratio, % ⁶	34	47	-	41	75	62	52	53	1,143	242	neg
Shareholders' equity, SEK ⁷	42	36	33	41	41	43	38.80	34	34.60	37.40	40.60
Return on shareholders' equity	23.1	16.0	neg	12.1	18.1	19.6	17.8	13.9	0.4	1.7	neg

1 Basic earnings per share is calculated as income for the period divided by average number of shares outstanding. Reporting according to IFRS from 2004.

2 Proposed dividend in SEK per share divided by share price at year-end.

3 Share price at year-end, including proposed dividend during the year, divided by share price at beginning of the year, (2000 includes premium in connection with repurchase, 2003 includes distribution of shares in Ainax, 2006 includes a share split 6:1 in which the sixth share was redeemed by AB Volvo for an amount of SEK 5.00 per share).

4 Share price at year-end divided by basic earnings per share.

5 Market value at year-end minus net financial position and minority interests divided by operating income excluding restructuring costs and revaluation of shares.

6 Cash dividend divided by basic earnings per share.

7 Shareholders' equity for shareholders in AB Volvo divided by number of shares outstanding at year-end.

8 Including distribution of shares in Ainax equal to SEK 3.01 (share-split adjusted) per Volvo share in 2004.

9 Including extra payment of SEK 5 through redemption of shares.

10 Proposed by the Board of Directors.

Other share data

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Number of shareholders at year-end	251,715	240,043	233,311	220,192	197,519	183,735	195,442	202,300	208,500	211,000	214,000
Number of Series A shares outstanding at year-end, million	643	657	657	657	657	131.4	131.4	131.5	131.7	131.7	131.7
Number of Series B shares outstanding at year-end, million	1,385	1,371	1,371	1,371	1,369	273.4	273.1	278.6	287.8	287.8	287.8
Average number of shares outstanding, million	2,027	2,027	2,027	2,027	2,025	404.7	405.2	418.5	419.4	419.4	422.4
Number of Series A shares traded in Stockholm during the year, million	130.5	203.2	147.0	308.0	172.3	56.4	39.3	42.0	31.4	27.3	40.3
Number of Series B shares traded in Stockholm during the year, million	2,944.1	2,272.4	2,713.9	3,130.0	2,712.4	617.0	518.7	498.0	404.8	349.4	344.4
Number of shares traded in ADR, NAS-DAQ during the year, million	-	-	-	-	113.5	14.1	19.8	24.0	10.4	11.0	15.0

The largest shareholders in AB Volvo, December 31, 2011¹

	Number of shares	% of total votes	Share capital, %
Renault s.a.s.	138,604,945	17.7	6.8
Industrivärden	122,811,457	15.6	6.1
Violet Partners LP	43,727,400	5.6	2.2
SHB ²	36,405,612	4.7	1.8
AMF Insurance & Funds	61,051,900	3.9	3.0
Alecta (pension funds)	87,650,000	3.8	4.3
AFA Insurance	26,024,563	3.3	1.3
Swedbank Robur Funds	81,098,942	2.7	4.0
Norwegian Government	63,945,595	2.4	3.2
SEB Funds/Trygg Life Insurance	44,469,536	2.1	2.2
Total	705,789,950	61.8	34.8

Distribution of shares, December 31, 2011¹

	Number of shareholders	% of total votes ¹	Share of capital, % ¹
1-1,000 shares	190,646	2.8	2.4
1,001-10,000 shares	56,088	7.6	5.5
10,001-100,000 shares	4,434	5.0	3.1
100,001-	547	84.6	89.0
Total	251,715	100.0	100.0

1 Based on all registered shares.

AB Volvo held 4.7% of the Company's shares on December 31, 2011.

1 Based on the number of outstanding shares.

2 Comprises shares held by SHB, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen.

Business area statistics

Net sales¹

SEK M		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Trucks	Europe	85,173	69,606	65,874	109,914	108,651	93,282	79,706	77,431	70,101	67,830	66,367
	North America	37,120	26,901	21,563	26,588	27,255	50,605	46,129	35,154	28,151	33,721	33,630
	South America	26,822	21,680	12,490	14,680	11,483	9,213	7,657	5,223	3,464	3,277	3,993
	Asia	37,551	35,231	26,943	37,515	26,593	8,975	13,551	12,378	9,206	5,919	4,659
	Other markets	14,037	13,887	12,069	14,538	13,910	9,190	8,353	6,693	6,047	8,005	7,919
	Total	200,703	167,305	138,940	203,235	187,892	171,265	155,396	136,879	116,969	118,752	116,568
Buses	Europe	7,009	6,242	7,707	7,321	7,767	7,924	7,142	6,948	6,534	7,104	6,636
	North America	7,541	7,200	5,673	5,355	4,630	4,910	4,247	2,960	2,984	3,838	6,847
	South America	2,721	1,737	1,235	1,571	1,623	1,537	2,641	521	329	366	757
	Asia	3,027	3,299	2,749	2,094	1,802	2,003	1,612	1,632	1,447	2,022	1,839
	Other markets	1,991	2,038	1,101	971	786	897	947	661	684	705	596
	Total	22,289	20,516	18,465	17,312	16,608	17,271	16,589	12,722	11,978	14,035	16,675
Construction Equipment	Europe	19,052	16,138	12,987	25,192	25,294	20,326	15,524	13,453	12,348	10,837	10,667
	North America	7,862	6,267	5,475	10,159	11,170	11,280	10,337	8,601	5,428	5,667	6,145
	South America	4,177	4,130	2,578	2,913	2,155	1,358	1,238	922	636	709	847
	Asia	30,151	24,352	12,957	13,738	12,179	6,903	5,717	4,961	3,707	3,048	2,773
	Other markets	3,745	2,923	1,661	4,077	2,835	2,264	2,000	1,423	1,035	751	703
	Total	64,987	53,810	35,658	56,079	53,633	42,131	34,816	29,360	23,154	21,012	21,135
Volvo Penta	Europe	4,546	4,507	4,390	6,554	6,798	6,111	5,102	4,907	4,189	3,945	3,827
	North America	1,386	1,500	1,100	1,947	2,674	2,815	2,832	2,500	2,109	2,261	2,175
	South America	342	335	284	364	274	221	208	142	146	127	213
	Asia	2,245	2,008	2,054	2,082	1,624	1,359	1,427	1,324	947	1,141	988
	Other markets	340	366	331	486	349	268	207	184	205	195	177
	Total	8,859	8,716	8,159	11,433	11,719	10,774	9,776	9,057	7,596	7,669	7,380
Volvo Aero	Europe	3,036	3,768	3,942	3,497	3,462	3,798	3,406	3,179	4,000	3,450	4,875
	North America	3,304	3,599	3,508	3,534	3,723	3,815	3,612	3,127	3,301	4,573	5,841
	South America	8	27	34	58	127	173	168	138	152	177	187
	Asia	108	233	205	234	234	356	284	400	428	497	708
	Other markets	53	81	114	125	100	91	68	81	149	140	173
	Total	6,509	7,708	7,803	7,448	7,646	8,233	7,538	6,925	8,030	8,837	11,784
Other and eliminations	242	(680)	(538)	(575)	(703)	(654)	7,076	7,228	7,041	6,775	7,073	
Net sales Industrial Operations	303,589	257,375	208,487	294,932	276,795	249,020	231,191	202,171	174,768	177,080	180,615	
Customer Finance	Europe	4,663	4,733	7,127	7,099	4,484	4,388	4,797	6,613	6,078	5,997	5,674
	North America	2,326	2,605	3,004	369	2,467	2,569	2,036	2,432	2,542	3,344	3,216
	South America	1,131	1,156	1,070	791	620	608	570	396	358	403	451
	Asia	571	435	435	158	87	45	101	90	65	49	24
	Other markets	192	101	75	68	47	38	45	67	110	132	130
	Total	8,883	9,031	11,711	8,485	7,705	7,648	7,549	9,598	9,153	9,925	9,495
Eliminations	(2,104)	(1,658)	(1,836)	250	905	2,167	1,819	(693)	(630)	(807)	(830)	
Volvo Group total	310,367	264,749	218,361	303,667	285,405	258,835	240,559	211,076	183,291	186,198	189,280	

¹ Net sales 2001 have been restated in accordance with new organization effective from 2002.

As of January 1, 2007, the results from the synergies created in the business units are transferred back to the various business areas. Comparison figures for 2006 have been restated.

ELEVEN-YEAR SUMMARY

Operating income

SEK M	2011	2010	2009	2008	2007	2006 ¹	2005	2004 ²	2003 ³	2002	2001 ⁴
Trucks	18,260	10,112	(10,805)	12,167	15,193	13,116	11,717	8,992	3,951	1,189	(2,066)
Buses	1,036	780	(350)	(76)	231	745	470	158	(790)	(94)	(916)
Construction Equipment	6,653	6,180	(4,005)	1,808	4,218	4,072	2,752	1,898	908	406	527
Volvo Penta	781	578	(230)	928	1,173	1,105	943	940	695	647	658
Volvo Aero	336	286	50	359	529	359	836	403	(44)	5	653
Customer Finance	942	167	(680)	1,397	1,649	1,686	2,033	1,365	926	490	325
Other	(1,109)	(102)	(994)	(731)	(762)	(684)	(598)	923	(3,142)	194	143
Operating income (loss)											
Volvo Group	26,899	18,000	(17,013)	15,851	22,231	20,399	18,153	14,679	2,504	2,837	(676)

As of January 1, 2007, the benefits from the synergies created in the business units are transferred back to the various business areas. Comparison figures for 2006 have been restated.

1 Operating income in 2006 includes adjustment of goodwill of neg 1,712, reported in Trucks.

2 Operating income in 2004 included reversal of write-down of shares in Scania AB of 915, reported in Other, and write-down of shares in Henlys Group Plc of 95, reported in Buses.

3 Operating income in 2003 included write-down of shares in Scania AB and Henlys Group Plc amounting to 4,030, of which 429 was reported in Buses (Henlys Group) and 3,601 was reported in Other (Scania AB).

4 Operating income in 2001 included restructuring costs mainly related to the integration of Mack Trucks and Renault Trucks of 3,862 of which 3,106 in Trucks, 392 in Buses and 364 in Construction Equipment.

Operating margin

%	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Trucks	9.1	6.0	(7.8)	6.0	8.1	7.7	7.5	6.6	3.4	1.0	(1.8)
Construction Equipment	10.2	11.5	(11.2)	3.2	7.9	9.7	7.9	6.5	3.9	1.9	2.5
Buses	4.6	3.8	(1.9)	(0.4)	1.4	4.3	2.8	1.2	(6.6)	(0.7)	(5.5)
Volvo Penta	8.8	6.6	(2.8)	8.1	10.0	10.3	9.6	10.4	9.1	8.4	8.9
Volvo Aero	5.2	3.7	0.6	4.8	6.9	4.4	11.1	5.8	(0.5)	0.1	5.5
Volvo Group Industrial Operations	8.6	6.9	(7.8)	5.2	7.8	7.9	7.9	7.3	1.4	1.6	(0.4)

Number of employees at year-end

Number ^{1 2}	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Trucks	62,315	57,796	56,505	64,280	64,390	49,900	50,240	49,450	46,900	43,470	44,180
Buses	8,529	8,685	9,541	8,930	9,290	7,760	7,710	7,700	6,680	6,660	6,230
Construction Equipment	18,422	16,648	16,126	19,810	19,710	11,050	10,290	9,930	9,280	8,410	7,780
Volvo Penta	2,549	2,353	2,928	2,940	3,000	1,650	1,560	1,580	1,440	1,410	1,370
Volvo Aero	3,179	3,120	3,278	3,510	3,550	3,510	3,460	3,350	3,440	3,660	4,040
Financial Services	1,323	1,235	1,234	1,290	1,150	1,010	1,070	1,100	1,060	1,060	1,080
Other	1,845	572	596	620	610	8,310	7,530	7,970	6,940	6,490	6,240
Volvo Group, total	98,162	90,409	90,208	101,380	101,700	83,190	81,860	81,080	75,740	71,160	70,920

1 As of 2007, employees in business units are allocated to the business areas.

2 As of 2009 regular employees are shown, previously temporary employees were also included.

Environmental performance of Volvo production plants, Industrial operations

Absolute values related to net sales	2011	2010	2009	2008
Energy consumption (GWh; MWh/SEK M)	2,471; 8.1	2,315; 9.0	1,888; 9.1	2,530; 8.6
CO ₂ emissions (1,000 tons; tons/SEK M)	255; 0.8	279; 1.1	213; 1.0	291; 1.0
Water consumption (1,000 m ³ ; m ³ /SEK M)	7,970; 26.2	7,519; 29.2	6,637; 31.8	8,205; 27.8
NO _x emissions (tons; kilos/SEK M)	474; 1.6	719; 2.8	322; 1.5	800; 2.7
Solvent emissions (tons; kilos/SEK M)	2,554; 8.4	2,294; 8.9	1,435; 6.9	1,945; 6.6
Sulphur dioxide emissions (tons; kilos/SEK M)	34; 0.1	33; 0.1	38; 0.2	64; 0.2
Hazardous waste (tons; kg/SEK M)	25,943; 85.5	22,730; 88	17,558; 84	27,675; 94
Net sales, SEK bn	303.6	257.4	208.5	294.9

1 Excluding UD Trucks and Ingersoll Rand Road Development.

Employees

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Number ¹											
Sweden	24,663	23,073	22,763	28,190	28,660	27,830	27,070	28,530	26,380	25,420	24,350
Europe, excluding Sweden	30,458	29,239	29,793	32,940	32,780	30,070	29,650	28,930	29,120	27,130	27,800
North America	15,427	12,844	12,640	14,200	15,750	14,820	15,140	14,620	12,270	12,440	12,670
South America	5,234	4,322	4,257	4,380	4,640	3,890	3,690	3,110	2,640	2,020	2,090
Asia	19,924	18,535	18,416	19,090	17,150	4,420	4,210	4,130	3,710	2,590	2,550
Other markets	2,456	2,396	2,339	2,580	2,720	2,160	2,100	1,760	1,620	1,560	1,460
Volvo Group total	98,162	90,409	90,208	101,380	101,700	83,190	81,860	81,080	75,740	71,160	70,920

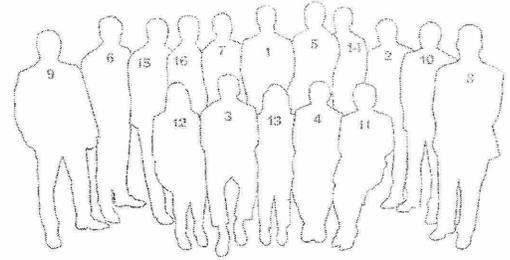
¹ As of 2009 regular employees are shown, previously temporary employees were also included.

Delivered units

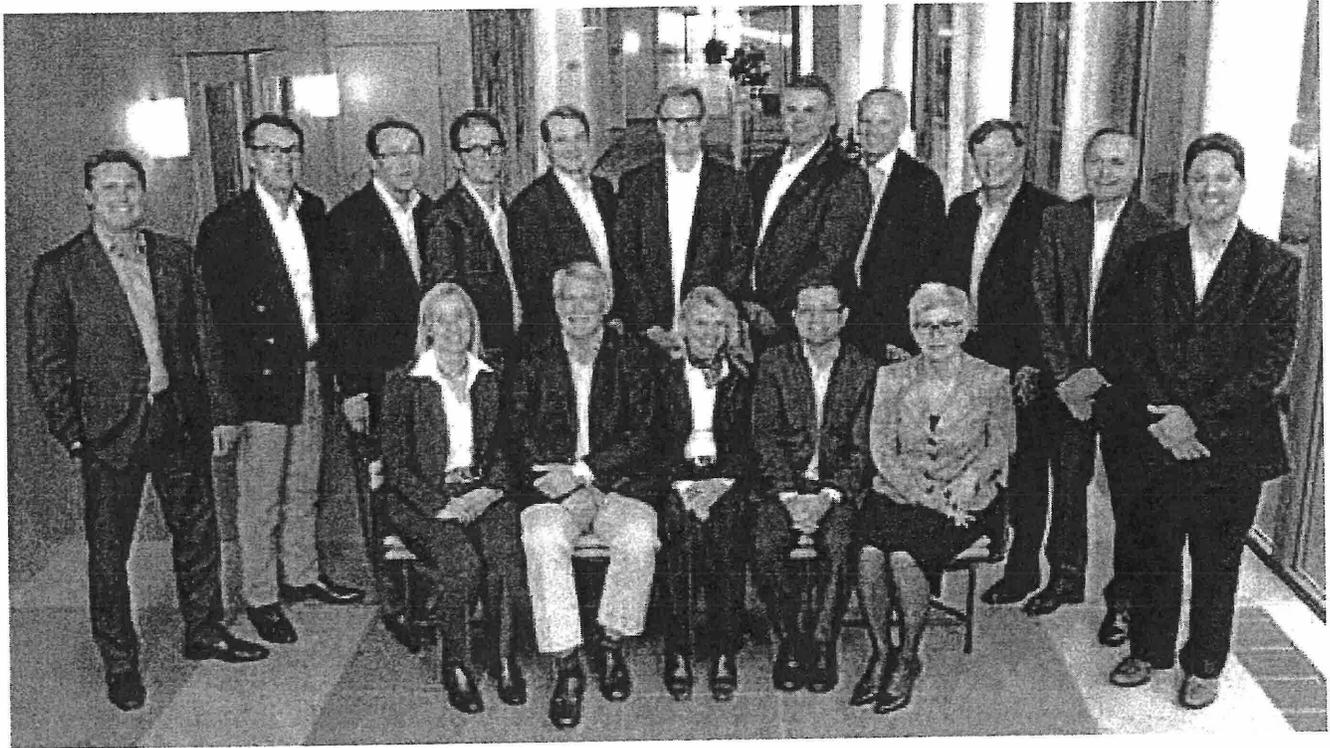
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Number											
Heavy-duty trucks (>16 tons)	179,779	123,522	82,675	179,962	172,322	179,089	172,242	152,300	120,920	120,200	117,180
Medium-duty trucks (7-15.9 tons)	34,631	30,657	21,653	30,817	27,933	14,695	18,643	18,800	15,870	16,220	17,310
Light trucks (<7 tons)	23,982	25,811	23,354	40,372	36,101	26,147	23,494	22,120	19,200	20,710	20,820
Total trucks	238,391	179,989	127,681	251,151	236,356	219,931	214,379	193,220	155,990	157,130	155,310

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Number											
Trucks											
Total Europe	95,113	65,503	49,145	121,847	128,070	114,417	103,622	102,670	92,080	96,290	98,040
Western Europe	75,728	56,215	43,919	95,969	100,106	97,074	91,087	90,750	82,670	87,490	90,460
Eastern Europe	19,385	9,288	5,226	25,878	27,964	17,343	12,535	11,920	9,410	8,800	7,580
North America	42,613	24,282	17,574	30,146	33,280	70,499	64,974	49,270	34,760	36,510	34,650
South America	29,274	21,483	12,587	18,092	15,264	11,646	11,248	9,190	5,980	5,360	5,790
Asia	56,165	53,833	34,800	60,725	39,916	12,817	25,706	24,880	16,290	9,140	6,600
Other markets	15,226	14,888	13,575	20,341	19,826	10,552	8,829	7,210	6,880	9,830	10,230
Total	238,391	179,989	127,681	251,151	236,356	219,931	214,379	193,220	155,990	157,130	155,310
Buses											
Total Europe	2,695	2,395	3,164	3,313	3,748	3,570	3,723	3,417	3,087	3,413	3,115
Western Europe	2,601	2,336	2,896	3,140	3,377	3,081	3,385	3,073	2,782	3,076	2,899
Eastern Europe	94	59	268	173	371	489	338	344	305	337	216
North America	3,014	2,092	1,539	1,884	1,547	1,741	1,546	1,388	1,553	1,945	3,128
South America	2,620	1,174	690	995	1,318	1,236	2,297	624	369	495	1,009
Asia	3,417	3,477	3,839	3,033	2,757	3,349	2,554	2,341	2,227	2,639	2,209
Other markets	1,040	1,091	625	712	546	464	555	462	581	567	492
Total	12,786	10,229	9,857	9,937	9,916	10,360	10,675	8,232	7,817	9,059	9,953

	2007 ¹	2006	2005	2004	2003	2002	2001
	2,426; 9.6	2,612; 10.5	2,683; 11.6	2,695; 13.3	2,607; 14.9	2,564; 14.5	2,586; 14.3
	242; 1.0	282; 11.4	292; 1.3	293; 1.5	298; 1.7	307; 1.7	316; 1.7
	7,067; 27.9	7,596; 30.6	7,419; 32.1	8,495; 42.2	8,687; 49.1	9,202; 52.0	9,187; 50.9
	542; 2.1	606; 2.4	672; 2.9	645; 3.2	570; 3.3	726; 4.1	730; 4.0
	1,979; 7.8	2,048; 8.3	1,960; 8.5	2,085; 10.3	1,965; 11.2	1,896; 10.7	1,816; 10.1
	58; 0.2	69; 0.3	209; 0.9	184; 0.9	200; 1.1	173; 1.0	308; 1.7
	27,120; 107	26,987; 108.8	23,590; 102	24,675; 122.1	21,613; 124	20,531; 116	20,306; 112
	253.2	248.1	231.2	202.1	174.8	177.1	180.6



GROUP MANAGEMENT



Changes in the Group Executive Team

Olof Persson assumed the position as deputy President of AB Volvo and deputy CEO of the Volvo Group on May 1, 2011. He was previously President of Volvo Construction Equipment since 2008. Patrick Olney was appointed new President of Volvo Construction Equipment and he assumed his position on May 1, 2011, when he also became a member of the Group Executive Team.

On September 1, 2011, Olof Persson succeeded Leif Johansson as President of AB Volvo and CEO of the Volvo Group.

In conjunction with the introduction of the new organization on January 1, 2012, the following changes were made to Volvo's Group Executive Team:

Staffan Jufors, President of Volvo Trucks, retired and thus resigned from the Group Executive Team.

Stefano Chmielewski, former President of Renault Trucks, Göran Gummeson, President of Volvo Penta, Satoru Takeuchi, President of UD Trucks, Martin Weissburg, President of Volvo Financial Services and Staffan Zackrisson, President of Volvo Aero, are not included in the Group Executive Team as of January 1, 2012.

Stefan Johnsson resigned from his position as a director of the Group Executive Team responsible for HR matters and several business units

Dennis Slagle, former President of North American Trucks and Mack Trucks, assumed a newly established position as Executive Vice President Group Trucks Sales & Marketing Americas, remaining a member of the Group Executive Team.

Peter Karlsten, former President of Volvo Powertrain and Senior Vice President Technology of the Volvo Group, assumed a newly established position as Executive Vice President Group Trucks Sales & Marketing EMEA, remaining a member of the Group Executive Team.

Joachim Rosenberg, formerly responsible for Volvo Group Asia Truck Operations, assumed a newly established position as Executive Vice President Group Trucks Sales & Marketing APAC, and became a member of the Group Executive Team.

Pär Östberg, formerly responsible for Trucks Asia, assumed a newly established position as Executive Vice President Truck Joint Ventures, remaining a member of the Group Executive Team.

Torbjörn Holmström, former President of Volvo 3P, assumed a newly established position as Executive Vice President Group Trucks Technology, and became a member of the Group Executive Team.

Mikael Bratt, former CFO of the Volvo Group, assumed a newly established position as Executive Vice President Group Trucks Operations, remaining a member of the Group Executive Team.

Håkan Karlsson, former President of Volvo Buses, assumed a newly established position as Executive Vice President Business Areas, remaining a member of the Group Executive Team.

Anders Osberg, former President of Volvo Treasury, assumed a newly established position as Executive Vice President Finance & Business Support and succeeded

Mikael Bratt as CFO of the Volvo Group, with responsibility for among other things Volvo Financial Services and Volvo IT. He also became a member of the Group Executive Team.

Magnus Carlander, former President of Volvo IT, assumed a newly established position as Executive Vice President Corporate Process & IT, and became a member of the Group Executive Team.

Karin Falk, former President of Volvo Group Non-Automotive Purchasing, assumed a newly established position as Executive Vice President Corporate Strategy, and became a member of the Group Executive Team.

Kerstin Renard, former Senior Vice President Human Resources for the Volvo Group under Stefan Johnsson, assumed a newly established position as Executive Vice President Corporate Human Resources, and became a member of the Group Executive Team.

Eva Persson, Executive Vice President Corporate Legal & Compliance and General Counsel, Per Löjdquist, Executive Vice President Corporate Communication, Patrick Olney, Executive Vice President Volvo Construction Equipment and Jan-Eric Sundgren, Executive Vice President Public & Environmental Affairs, remain in the Group Executive Team and retain their current areas of responsibility materially unchanged.