Volvo Group
Nine months ended September 30, 2010

In the third quarter, net sales increased by 32% to SEK 64.0 billion (48.5). Adjusted for currency movements, sales increased by 33%

The third quarter operating income amounted to SEK 4,913 M (Loss SEK 3,286 M). Operating margin in the third quarter was 7.7% (Negative 6.8%)

In the third quarter, basic and diluted earnings per share amounted to SEK 1.38 (Negative SEK 1.44)

In the third quarter, operating cash flow in the Industrial Operations was negative in an amount of SEK 1.9 billion (Negative SEK 1.4 billion)

Half of the Group's net sales were generated in markets outside Western Europe and North America

	Third quarter		First nine months	
	2010	2009	**2010**	2009
Net sales Volvo Group, SEK M	**63,969**	48,483	**191,351**	158,563
Operating income Volvo Group, SEK M	**4,913**	(3,286)	**12,482**	(14,697)
Operating income Industrial operations, SEK M	**4,866**	(3,283)	**12,414**	(14,002)
Operating income Customer Finance, SEK M	**48**	(3)	**69**	(695)
Operating margin Volvo Group, %	**7.7**	(6.8)	**6.5**	(9.3)
Income after financial items, SEK M	**4,251**	(4,129)	**11,020**	(17,693)
Income for the period, SEK M	**2,851**	(2,913)	**7,797**	(12,700)
Diluted earnings per share, SEK	**1.38**	(1.44)	**3.76**	(6,27)
Return on shareholders' equity and rolling 12 months,%			**8.5**	(17,9)

Contents

CEO's comments – continued improvement in profitability

In the third quarter of 2010, the Volvo Group's sales increased by 32% to SEK 64 billion compared to SEK 48 billion in the third quarter of last year. Sales rose in all of the Group's markets, led by a recovery in the Group's mature markets and a continued strong trend in emerging markets.

Meanwhile, profitability continued to improve as a consequence of higher sales volumes, strict control over our costs, and increased capacity utilization and a favorable productivity trend in our industrial systems. Operating income rose to SEK 4.9 billion, compared with a loss of SEK 3.3 billion in the third quarter of 2009. All of the Group's business segments reported a significant improvement in profitability compared with last year and the Group reached an operating margin of 7.7%. The operating income as well as the operating margin is the highest to date for a third quarter.

The operating cash flow in Industrial Operations is usually weak in the third quarter as a result of the seasonal rise in working capital. So was the case also this year; cash flow was negative in an amount of SEK 1.9 billion compared to a negative SEK 1.4 billion in the third quarter of 2009.

Early investments in emerging markets yield results

During the quarter, half of the Group's sales were generated outside our traditional home markets in Western Europe and North America, which is evidence to the fact that we continue to benefit from our global presence. Thanks to strong growth in Brazil, India and China and a distinct recovery in Russia, these emerging markets combined accounted for 19% of Group sales.

When looking into the Group's different business areas, the overall demand situation continues to improve. This is particularly evident in our truck operations which had a 59% increase in order intake. The truck operations' net sales rose to SEK 41.2 billion during the quarter at the same time as operating income increased to SEK 2,700 M with an operating margin of 6.6%.

In North America, the introduction of trucks equipped with engines that comply with EPA 2010 emission regulations has so far been successful and we are continuing to hear many positive comments about the trucks from our customers. The competitiveness of the trucks can also be seen in the form of market share gains in North America. To date, we have received orders for more than 15,000 trucks fitted with the new engines. It is also positive news that more and more of our North American customers are choosing to purchase Volvo engines and that the Group's automatic transmission – which is now also being introduced in Mack – continues to enjoy great success. In light of the improvement in demand, we maintain our forecast of a total growth of 20–30% in the North American market for heavy-duty trucks in 2010. Although the economic recovery in the US is weak, we expect a replacement-driven improvement in demand and that the market for heavy-duty trucks will reach a level above 200,000 vehicles in 2011.

The European truck market continues to recover, particularly in Central and Northern Europe. The recovery there has been somewhat swifter and stronger than we expected, and we have progressively increased the rate of production in our plants to meet the rise in order intake. However, we continue to maintain a high level of preparedness to address economic fluctuations. We stand by our forecast that predicts 10% growth in the European heavy-duty truck market in 2010. We expect the total market for heavy-duty trucks in Europe to increase to a level above 200,000 trucks in 2011, but it remains to be seen how much impact the many austerity packages in Europe will have on the economy.

Although the Japanese market has weakened as a result of the discontinuation of the government scheme offering scrapping premiums, we expect the market to recover again in 2011. India is a country that is growing in significance for the Volvo Group. The country's truck market is currently very strong and our joint venture company VE Commercial Vehicles delivered record volumes in September. We hold a very strong position within medium-duty trucks in India and with the product portfolio of heavy-duty trucks launched at the beginning of the year, we are also growing our share in this segment, albeit from a low level.

Strong growth with favorable profitability in Volvo CE

Construction Equipment continued to generate favorable growth and profitability with a strong contribution from the markets in China and Brazil. The operating margin reached 10.5%. In China, Lingong is working on the launch of the company's four first models for the important and expanding excavator market. To date, three excavator models have entered production. It is also pleasing to note that Volvo CE is ready to meet the new emission regulations that take effect in Europe and North America next year with engines that have already received certification.

Buses continued the positive profitability trend that started at the beginning of this year, despite low volumes in the important markets in Europe and North America. The improved profitability is a result of hard work on internal efficiency and cost reductions.

At Volvo Penta, demand for marine engines remained weak, while the industrial engines business continued to grow. However, margins are lower in the industrial engines segment, which means that the shift in the product mix negatively impacted profitability. Earnings were also impacted by temporary production disturbances.

Volvo Aero's focus is on improved profitability and on safeguarding deliveries of components to the new engine program that is currently being delivered to aircraft manufacturers.

Although the customer finance business in Volvo Financial Services continued to demonstrate weak profitability, the trend is progressing in the right direction following the recovery in the majority of our markets.

Investment in research and development

Throughout the crisis, we have continued to invest in product development, which enabled us to continue to launch new competitive products. We can now see the positive results from this with a growing number of customers that are choosing to buy products and services from the Volvo Group to solve their transport needs. The investments in product development also ensure that we will be able to launch new competitive products in the years ahead, including products adapted to the fast-growing markets in Asia.

At present, we are raising the production rates in most of our manufacturing facilities, and we are working intensely to ensure that the production increase is carried out as efficiently as possible with a minimum of tied-up capital. We are also focusing on securing that all of the activities that have been implemented to further boost productivity and efficiency across the Group shall continue to have a positive impact on our profitability. I am happy to note that thanks to the good efforts of our employees as well as our suppliers, the ramp-up of production and internal efficiency has so far progressed well.

Leif Johansson
President and CEO

Important events

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

The collaboration between Volvo Group's Japanese subsidiary UD Trucks and Nissan Motor on the contract manufacturing of light-duty trucks will expire and the production will end in January 2011. The decision enables UD Trucks to focus more on medium and heavy-duty trucks. UD Trucks will continue to have its own manufacturing operation for light-duty trucks for the export market. During 2009, UD Trucks produced 6,150 light-duty trucks within the collaboration framework and until August 2010, 4,800 vehicles had been produced and sold to Nissan Motor. The end of contract manufacturing for Nissan Motor will not result in any restructuring costs or have any significant impact on the Volvo Group's earnings or financial position.

Previously reported important events

- Investment in Indian facility for production of excavators
- Production of new medium-duty engine in India
- Volvo Aero to sell its US service business
- Annual General Meeting
- New trucks launched

Detailed information about the events is available at www.volvogroup.com

Financial summary of the third quarter

Volvo Group

Net sales

The Volvo Group's net sales increased by 32% to SEK 63,969 M during the third quarter of 2010, compared to SEK 48,483 M in the same quarter a year earlier.

Operating income

The Volvo Group's operating income amounted to SEK 4,913 M in the third quarter compared to an operating loss of SEK 3,286 M in the preceding year. The Industrial Operations' operating income amounted to SEK 4,866 M (Loss SEK 3,283 M). The Volvo Group's Customer Finance operations reported an operating income of SEK 48 M (Loss SEK 3 M). For detailed information on the development, see separate sections below.

Net financial items

Net interest expense in the third quarter was SEK 624 M compared to an expense of SEK 703 M in the second quarter of 2010.

During the quarter, market valuation of derivatives used for hedging interest-rate exposure in the debt portfolio had a positive effect on Other financial income and expenses amounting to SEK 272 M compared to a positive impact of SEK 143 M in the third quarter of 2009.

Income taxes

The tax expense in the third quarter amounted to SEK 1,401 M (Income: SEK 1,214 M). The lost tax dispute in the administrative court of appeal in Sweden had a negative impact of SEK 177 M in the third quarter. However, this was more or less offset by the revaluation of other tax claims.

Income for the period and earnings per share

The income for the period amounted to SEK 2,851 M in the third quarter of 2010 compared to a loss for the period of SEK 2,913 M in the third quarter of 2009.

Basic and diluted earnings per share in the third quarter amounted to SEK 1.38 (Negative SEK 1.44).

Income Statement Volvo Group

	Third quarter		First nine months	
SEK M	**2010**	2009	**2010**	2009
Net sales Volvo Group	**63,969**	**48,483**	**191,351**	**158,563**
Operating Income Volvo Group	**4,913**	**(3,286)**	**12,482**	**(14,697)**
Operating income Industrial operations	***4,866***	*(3,283)*	***12,414***	*(14,002)*
Operating income Customer Finance	***48***	*(3)*	***69***	*(695)*
Interest income and similar credits	**115**	98	**330**	295
Interest expense and similar credits	**(739)**	(986)	**(2,375)**	(2,673)
Other financial income and expenses	**(39)**	46	**583**	(617)
Income after financial items	**4,251**	**(4,129)**	**11,020**	**(17,693)**
Income taxes	**(1,401)**	1,214	**(3,224)**	4,992
Income for the period	**2,851**	**(2,913)**	**7,797**	**(12,700)**

Volvo Group's Industrial Operations
– sales recovery in mature markets and continued strong growth in developing economies

In the third quarter, net sales for the Volvo Group's Industrial Operations increased by 35% to SEK 62,225 M (46,086). Adjusted for changes in exchange rates and acquired and divested units net sales increased by 37%. Compared to the third quarter of 2009, all markets grew significantly in the quarter. Half of the Group's sales were generated in markets outside Western Europe and North America.

Net sales by market area

SEK M	Third quarter 2010	Third quarter 2009	Change in %	First nine months 2010	First nine months 2009	Change in %	Share of industrial operations' net sales, %
Western Europe	**19,647**	17,438	13	**62,204**	62,571	(1)	33.6
Eastern Europe	**2,960**	2,098	41	**8,449**	6,847	23	4.6
North America	**11,274**	8,181	38	**32,859**	27,442	20	17.7
South America	**7,077**	3,994	77	**20,175**	10,950	84	10.9
Asia	**16,288**	10,893	50	**47,733**	31,836	50	25.7
Other markets	**4,979**	3,482	43	**13,981**	11,400	23	7.5
Total Industrial operations	**62,225**	**46,086**	**35**	**185,401**	**151,046**	**23**	**100.0**

Significant earnings recovery with operating margin at 7.8%

In the third quarter of 2010, the operating income for the Volvo Group's Industrial Operations amounted to SEK 4,866 M, a significant improvement compared to the operating loss of SEK 3,283 M in the third quarter of 2009. The operating margin for the Industrial Operations was 7.8%, compared to a negative 7.1% during the third quarter of 2009.

The earnings recovery compared to the third quarter 2009 is largely driven by higher sales of new products and aftermarket products and services. Good productivity development in the manufacturing system combined with improved cost absorption as a result of higher capacity utilization also contributed to improved earnings.

Strict cost control preserved the lower expense level in the Group that was implemented during 2009. Despite a significant sales increase of 35% in the third quarter of 2010 compared to the previous year, the increase in research and development and selling and administrative expenses was limited to 2.5%. In the third quarter of 2010, research and development expenses were SEK 3,125 M, equal to 5.0% of revenues. Selling expenses were SEK 5,520 M, equal to 8.9% of sales, and administrative expenses were SEK 1,295 M, equal to 2.1% of sales.

During the third quarter of 2010, operating income was negatively affected by higher costs for raw materials and components, estimated at approximately SEK 100 M compared to the third quarter of 2009.

Income Statement Industrial Operations

SEK M	Third quarter 2010	Third quarter 2009	First nine months 2010	First nine months 2009
Net sales	**62,225**	**46,086**	**185,401**	**151,046**
Cost of sales	**(47,015)**	(39,317)	**(141,660)**	(131,264)
Gross income	**15,210**	**6,769**	**43,741**	**19,782**
Gross margin, %	***24.4***	*14.7*	***23.6***	*13.1*
Research and development expenses	**(3,125)**	(2,961)	**(9,330)**	(9,827)
Selling expenses	**(5,520)**	(5,551)	**(16,779)**	(18,048)
Administrative expenses	**(1,295)**	(1,185)	**(4,347)**	(4,466)
Other operating income and expenses	**(377)**	(343)	**(796)**	(1,421)
Income from investments in associated companies	**(10)**	(12)	**(66)**	(31)
Income from other investments	**(15)**	0	**(8)**	8
Operating income	**4,866**	**(3,283)**	**12,414**	**(14,002)**
Operating margin, %	***7.8***	*(7.1)*	***6.7***	*(9.3)*
Operating income before depreciation and amortization (EBITDA)	**7,794**	(258)	**20,982**	(4,512)
EBITDA margin, %	***12.5***	*(0.6)*	***11.3***	*(3.0)*

During the quarter, operating income was impacted negatively by SEK 225 M as a result of provisions for the Volvo Group's global profit sharing program. Operating income includes a positive impact of SEK 107 M from a divestment of Volvo Construction Equipment's Turkish distribution network.

Compared to the second quarter of 2010, changes in currency exchange rates had a positive impact on operating income for the Group amounting to approximately SEK 200 M, of which there was a positive impact in the segment "Corporate headquarter functions and other" of SEK 829 M and a negative impact of SEK 629 M in the operating income of business areas. The positive impact compared to the second quarter 2010 of SEK 829 M in "Corporate headquarter functions and other" is a result of positive mark-to-market valuation of cash flow hedges of SEK 598 M in the third quarter 2010 compared to a negative impact of revaluation of these hedges of SEK 231 M in the second quarter of 2010.

Seasonal working capital build-up impacts cash flow

In the third quarter of 2010, operating cash flow from the Industrial Operations was negative in an amount of SEK 1.9 billion compared to a negative cash flow of SEK 1.4 billion in the third quarter of 2009. The negative cash flow was primarily an effect of the seasonal increase in working capital during the vacation shut-downs. The increase in working capital in the third quarter was SEK 6.4 billion driven by a reduction of trade payables of SEK 4.8 billion as well as a build-up of inventories of SEK 2.1 billion to support increased production rates and deliveries.

Volvo Group's Customer Finance
– positive trends continue

Positive trends in North America, Western Europe and Asia/Pacific continued during the third quarter as overall levels of delinquencies, inventories of repossessed vehicles and default activity in these regions decreased. The US portfolio, in particular, showed strong improvement during this period as performance returned to the good levels seen prior to the credit crisis and economic downturn. The Eastern Europe portfolio continued to stabilize and, in some instances, improve slightly. However, overall conditions in this part of the world remain depressed.

Operating income in the third quarter amounted to SEK 48 M compared to an operating loss of SEK 3 M in the previous year. The improvement compared to the previous year is driven mainly by lower credit provisions.

During the quarter, credit provisions amounted to SEK 339 M (418) while write-offs of SEK 397 M (628) were recorded. This resulted in a decrease in credit reserves from 1.84% to 1.79% of the credit portfolio at June 30, 2010 and September 30, 2010, respectively. The annualized write-off ratio through September 30, 2010 was 1.68% (1.99).

Income Statement Customer Finance

	Third quarter		First nine months	
SEK M	**2010**	2009	**2010**	2009
Finance and lease income	**2,146**	2,781	**7,080**	8,897
Finance and lease expenses	**(1,387)**	(1,981)	**(4,794)**	(6,502)
Gross income	**759**	**800**	**2,286**	**2,395**
Selling and administrative expenses	**(384)**	(388)	**(1,157)**	(1,220)
Credit provision expenses	**(339)**	(418)	**(1,127)**	(1,861)
Other operating income and expenses	**12**	3	**67**	(9)
Operating income	**48**	**(3)**	**69**	**(695)**
Income taxes	**(42)**	(16)	**(90)**	107
Income for the period	**6**	**(19)**	**(22)**	**(588)**
Return on Equity, 12 months rolling values			***0.0%***	*(3.4%)*

New financing volume in the third quarter of 2010 amounted to SEK 8.8 billion (6.3). Adjusted for changes in exchange rates, new business volume increased by 42% compared to the third quarter of 2009 due to higher deliveries from the Industrial Operations as well as stronger finance penetration. In total, 8,678 new Volvo Group units (5,480) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the third quarter was 26% (23%).

At September 30, 2010 total assets amounted to SEK 85 billion (98). The credit portfolio decreased by 10.7% over the last twelve months, adjusted for exchange-rate movements. The decrease is an effect of a syndication of assets in Brazil earlier in the year as well as lower new financing volume than the current rate of amortization of the portfolio. During the third quarter of 2010, the rate of net amortization slowed dramatically as the credit portfolio decreased by less than 1%, adjusted for exchange-rate movements. While Volvo Financial Services continued to experience strong portfolio growth in Asia and Brazil, increases in volume were also seen in North America and Western Europe as these economies continued to recover.

Volvo Group financial position

Net financial debt in the Industrial Operations amounted to SEK 38.4 billion at September 30, 2010, a decrease of SEK 1.5 billion compared to the second quarter of 2010, and equal to 61.7% of shareholders' equity. Excluding the provision for post-employment benefits, the Industrial Operations net debt amounted to SEK 32.7 billion, which is equal to 52.6% of shareholders' equity.

The Volvo Group's liquid funds, i.e. cash and cash equivalents and marketable securities combined, amounted to SEK 26.9 billion at September 30, 2010. In addition to this, granted but unutilized credit facilities amounted to SEK 34.0 billion.

During the third quarter, currency movements decreased the Volvo Group's total assets by SEK 20 billion due to revaluation of net assets in foreign subsidiaries.

The equity ratio in the Volvo Group amounted to 22.8% on September 30, 2010 compared to 20.2% at year-end 2009. At September 30, 2010 shareholder's equity in the Volvo Group amounted to SEK 70.3 billion.

Related-party transactions

Sales to associated companies amounted to SEK 766 M and purchases from associated companies amounted to SEK 33 M during the first nine months of 2010. On September 30, 2010, receivables from associated companies amounted to SEK 160 M and liabilities to associated companies to SEK 130 M. Sales to related-party Renault s.a.s. amounted to SEK 43 M and purchases from Renault s.a.s to SEK 1,125 M during the first nine months of 2010. Receivables from Renault s.a.s. amounted to SEK 15 M and liabilities to Renault s.a.s. to SEK 259 M on September 30, 2010.

Number of employees

On September 30, 2010 the Volvo Group had 89,881 employees and 13,433 temporary employees and consultants, compared with 89,178 employees and 7,104 temporary employees and consultants at year-end 2009. The increase in headcount relates largely to temporary employees and consultants within production, which gives the Group a considerable flexibility should market conditions change unexpectedly.

Business segment overview

Net sales

SEK M	Third quarter 2010	Third quarter 2009	Change in %	Change in %*	First nine months 2010	First nine months 2009	12 months rolling values	Jan–Dec 2009
Trucks	**41,187**	30,351	36	37	**119,264**	101,262	156,942	138,940
Construction Equipment	**12,710**	8,176	55	58	**39,153**	25,499	49,312	35,658
Buses	**4,594**	3,990	15	13	**14,914**	12,672	20,707	18,465
Volvo Penta	**2,077**	1,925	8	13	**6,685**	6,220	8,624	8,159
Volvo Aero	**1,815**	1,761	3	4	**5,858**	5,825	7,836	7,803
Eliminations and other	**(158)**	(117)	–	–	**(473)**	(433)	(578)	(538)
Industrial operations	**62,225**	**46,086**	**35**	**37**	**185,401**	**151,046**	**242,842**	**208,487**
Customer Finance	**2,146**	2,781	(23)	(21)	**7,080**	8,897	9,895	11,712
Eliminations	**(402)**	(384)	–	–	**(1,130)**	(1,380)	(1,588)	(1,838)
Volvo Group	**63,969**	**48,483**	**32**	**33**	**191,351**	**158,563**	**251,149**	**218,361**

* Adjusted for exchange rate fluctuations and acquired and divested units.

Operating income (loss)

SEK M	Third quarter 2010	Third quarter 2009	First nine months 2010	First nine months 2009	12 months rolling values	Jan–Dec 2009
Trucks	**2,700**	(2,329)	**6,622**	(9,489)	5,306	(10,805)
Construction Equipment	**1,330**	(787)	**4,422**	(3,441)	3,858	(4,005)
Buses	**155**	(91)	**559**	(304)	513	(350)
Volvo Penta	**72**	25	**505**	(237)	512	(230)
Volvo Aero[1]	**224**	108	**4**	219	(165)	50
Group headquarter functions and other[2]	**385**	(210)	**302**	(751)	59	(994)
Industrial operations	**4,866**	**(3,283)**	**12,414**	**(14,002)**	**10,083**	**(16,333)**
Customer Finance	**48**	(3)	**69**	(695)	84	(680)
Volvo Group	**4,913**	**(3,286)**	**12,482**	**(14,697)**	**10,166**	**(17,013)**

During the second quarter of 2010 Volvo Aero signed an agreement to sell the US subsidiary Volvo Aero Services (VAS).

1 The second quarter of 2010 was negatively impacted by a SEK 613 M write-down of assets in VAS.

2 Including a positive effect of SEK 390 M in the second quarter 2010, relating to a reclassification of a write-down in VAS that was booked in "Group headquarter functions and other" during 2009.

Operating margin

%	Third quarter 2010	Third quarter 2009	First nine months 2010	First nine months 2009	12 months rolling values	Jan–Dec 2009
Trucks	**6.6**	(7.7)	**5.6**	(9.4)	3.4	(7.8)
Construction Equipment	**10.5**	(9.6)	**11.3**	(13.5)	7.8	(11.2)
Buses	**3.4**	(2.3)	**3.7**	(2.4)	2.5	(1.9)
Volvo Penta	**3.5**	1.3	**7.6**	(3.8)	5.9	(2.8)
Volvo Aero[1]	**12.3**	6.1	**0.1**	3.8	(2.1)	0.6
Industrial operations	**7.8**	**(7.1)**	**6.7**	**(9.3)**	**4.2**	**(7.8)**
Volvo Group	**7.7**	**(6.8)**	**6.5**	**(9.3)**	**4.0**	**(7.8)**

1 The second quarter of 2010 was negatively impacted by a SEK 613 M write-down of assets in VAS.

Overview of Industrial Operations

Trucks
– the demand and earnings recovery continues

- Improving market conditions
- Increasing production volumes
- Favorable earnings trend

Net sales by market area

SEK M	Third quarter 2010	Third quarter 2009	Change in %	First nine months 2010	First nine months 2009	Change in %
Europe	**15,721**	13,075	20	48,403	48,365	0
North America	**6,916**	4,961	39	19,052	15,918	20
South America	**5,460**	3,053	79	15,801	8,440	87
Asia	**9,364**	6,619	41	25,806	19,583	32
Other markets	**3,725**	2,643	41	10,203	8,956	14
Total	**41,187**	**30,351**	**36**	**119,264**	**101,262**	**18**

Net order intake per market

Number of trucks	Third quarter 2010	Third quarter 2009	Change in %	First nine months 2010	First nine months 2009	Change in %
Europe	**19,434**	8,189	137	54,849	24,663	122
North America	**9,350**	5,093	84	19,435	11,219	73
South America	**6,085**	5,284	15	15,619	10,013	56
Asia	**13,047**	10,079	29	41,856	23,674	77
Other markets	**2,953**	3,353	(12)	11,464	9,235	24
Total	**50,869**	**31,998**	**59**	**143,223**	**78,804**	**82**

Improving market conditions

Through the third quarter of 2010, the total market for heavy-duty trucks (Class 8) in North America increased by 24% to 101,307 trucks, compared to 81,945 in the same period last year. While the construction segment of the Class 8 truck market remained weak, overall demand for heavy-duty trucks continued to tick up. The reputation of the new SCR-equipped EPA2010 trucks being offered by both Mack and Volvo Trucks continues to grow even stronger, as more and more customers gain experience with the products. To meet increasing demand, production is gradually being ramped up in the manufacturing facilities. In 2010, the North American market for heavy-duty trucks is expected to increase by some 20–30% from the 2009 level of 118,000 trucks (unchanged outlook). For 2011, the macro economic development is uncertain, however the need to replace and upgrade the aged truck population is expected to drive an improvement in demand and the total market for heavy-duty trucks is expected to reach a level above 200,000 trucks.

During the first eight months of 2010, the total number of registrations in Europe 29 (EU, Norway and Switzerland) decreased by 9% to 105,334 heavy trucks (115,672). The recovery of European truck demand is split into North vs. South, Fleet vs. Small, where the former in general is stronger than the latter. The main driver of demand is the long haul segment, whereas activity in the construction segment remains low in many markets. Also demand in Russia has recovered strongly from low levels, and is set to show continued growth across all segments. The forecast is maintained that the European market for heavy-duty trucks is expected to increase by about 10% for the full-year 2010 compared to the 2009 level of 164,000 trucks. For 2011 it is difficult to assess what impact austerity packages in Europe will have on the overall economy. However, the total market for heavy-duty trucks is expected to increase to a level above 200,000 trucks.

In South America, the Brazilian heavy duty truck market continues to be strong, primarily driven by favorable macro economic development but also supported by incentives such as subsidized financing. The subsidized financing, FINAME, has been extended further until March 2011. Through September 2010 the market for heavy-duty trucks in Brazil increased by 78% to 80,902 heavy duty trucks (45,554).

In India, the market for heavy duty trucks as of September rose by 93% to 163,545 trucks (84,931). The Group's largest market in Asia is Japan, where the market for heavy duty trucks amounted to 19,825 vehicles in the first nine months of 2010 (13,137), which was an increase of 51%. The Japanese market for heavy-duty trucks is expected to slow down after the removal of scrapping incentives and the market for the full year is to increase by about 30% from a level of 18,700 vehicles in 2009 (unchanged outlook). After a slow second half of 2010, demand is expected to recover in 2011.

Order intake continued to improve

In spite of the third quarter being a vacation period in many markets, net order intake rose by 5% when compared with the second quarter of 2010 and by 59% compared to the third quarter of 2009. Most notably order intake improved in North America where orders rose by 40% in comparison to the second quarter of 2010, and compared to the third quarter of 2009 net orders increased by 84%.

In Europe, net order intake improved by 2% compared with the second quarter of 2010 and by more than 100% compared to the third quarter of 2009.

In Asia orders reached 13,047 trucks, a decline of 2% compared to the second quarter of 2010 driven by a decline in Japan, but an increase of 29% compared to the third quarter of 2009.

Order intake in South America increased by 22% compared with the second quarter 2010. Compared to the third quarter a year ago net orders increased by 15%.

Deliveries per market

	Third quarter			First nine months		
Number of trucks	**2010**	2009	Change in %	**2010**	2009	Change in %
Europe	**14,654**	8,359	75	**42,640**	35,628	20
North America	**5,869**	4,184	40	**15,512**	11,937	30
South America	**5,218**	2,930	78	**15,266**	8,227	86
Asia	**13,854**	9,159	51	**38,876**	23,651	64
Other markets	**4,018**	2,984	35	**10,873**	10,069	8
Total	**43,613**	**27,616**	**58**	**123,167**	**89,513**	**38**

Truck deliveries – increase of 58% compared to the third quarter of 2009

Despite vacation closures in many plants during the third quarter, a total of 43,613 trucks were delivered, which was 999 trucks more than in the second quarter of 2010, and a 58% increase when compared with the third quarter of 2009.

Favorable earnings trend – operating margin of 6.6%

During the third quarter of 2010, the truck operation's net sales amounted to SEK 41,187 M, which was 36% higher than the third quarter of 2009. Adjusted for changes in exchange rates net sales increased by 37% compared to the third quarter of 2009.

The truck operations posted an operating income of SEK 2,700 M in the third quarter of 2010 compared with an operating loss of SEK 2,329 M in the third quarter of 2009. The operating margin improved to 6.6%, compared with a negative 7.7% in the third quarter of 2009. The improved result is primarily an effect of higher net sales and significant cost reduction measures implemented during 2009. Higher capacity utilization on the back of increased production levels in most plants also contributed to the improved operating income.

Construction Equipment
– strong seasonality performance

• Total world market up 31%
• Volvo CE sales up 58% adjusted for currency
• Operating margin 10.5%

The recovery continues

Measured in units, the total world market for heavy, road machinery and compact equipment increased by 31% during the third quarter of 2010 compared to the same period last year, strongly driven by the BRIC countries (Brazil, Russia, India and China) which increased by 44%. In Europe the total market was up 16%, and North America increased by 25%. Asia was up 29%, strongly driven by China and India where the markets increased by 33% and 42% respectively. Other markets were up 57%, strongly driven by Russia, which was up 486% from very low levels.

From historically low levels, many markets have recovered this year. For full year 2010 Europe is expected to grow by 10% (unchanged forecast). The forecast for North America also remains unchanged at 5-10% growth. Both Asia and Other markets are expected to grow by 50% in 2010 (previous forecasts were 30-40% for Asia and approximately 40% for Other markets).

Strong performance despite seasonality effects

Net sales increased by 55% to SEK 12,710 M (8,176) in the third quarter which is normally a weak quarter due to seasonality. Sales were positively impacted by strong momentum in Asia and South America. Adjusted for currency movements, net sales increased by 58%.

Net sales by market area, Construction Equipment

	Third quarter			First nine months		
SEK M	**2010**	2009	Change in %	**2010**	2009	Change in %
Europe	**3,861**	3,082	25	**11,493**	9,608	20
North America	**1,513**	1,035	46	**4,650**	4,348	7
South America	**1,106**	680	63	**2,990**	1,663	80
Asia	**5,563**	2,909	91	**17,942**	8,830	103
Other markets	**667**	470	42	**2,078**	1,050	98
Total	**12,710**	**8,176**	**55**	**39,153**	**25,499**	**54**

Total market development in the third quarter, unit sales in %

Unit sales in %	Europe	North America	Asia	Other markets	**Total**
Heavy equipment	21	40	37	70	**41**
Compact equipment	10	16	19	45	**20**
Road machinery	59	58	35	57	**53**
Total	**16**	**25**	**29**	**57**	**31**

Operating income improved substantially to SEK 1,330 M (loss SEK 787 M) and the operating margin was 10.5% (negative 9.6%). The improvement in operating income was mainly driven by higher sales, internal cost reduction activities implemented during 2009 and improved cost absorption in the manufacturing system as a result of good productivity development. Operating income includes a positive impact of SEK 107 M from a divestment of Volvo CE's Turkish distribution network.

The value of the order book at September 30 was 81% higher than a year earlier.

Events in the third quarter

In August Volvo CE received Tier 4 interim emissions certification from the Environmental Protection Agency (EPA) in the U.S. for its D11 (11 liter) engine. Implementation of Tier 4i emissions regulations begins January 1, 2011 for engines in the 175–750 hp range. These regulations require a 90% reduction in the emissions of particulate matter and a 50% reduction in nitrogen oxide from today's levels. Later during the quarter, the Volvo D13 and D16 engines were approved by EPA. Since earlier this year, the D11, D13 and D16 had received similar certificates for Europe, StageIII B.

In the first week of July, the assembly of the first Lingong excavators commenced. The new range of four SDLG branded excavators in the 13-29 ton classes will be officially launched to dealers and customers at the Bauma Trade Fair in Shanghai 23 November.

Buses
– important product launches

- Slow market recovery
- Improved profitability – operating margin at 3.4%
- Launch of new intercity bus and new coach

The market for buses continues to be affected by the weak economy

The European market for buses continues to be weak and year to date September recorded a decline of approximately 10% compared with 2009. However a small recovery can be noted for coaches. In North America, the negative trend for city buses and coaches continues and the market for coaches is expected to reach a historically low level in 2010. Mexico showed signs of a weak recovery, albeit from very low levels. The interest in coaches is increasing in South America, while the level for city buses is favorable. In Asia and Other markets, the market trend is generally positive with greater interest in heavy buses, especially in Asia.

Increased order intake

Order intake for the quarter amounted to 2,845 buses, compared to 2,547 buses in the preceding year, which represents an increase of 12%. Deliveries declined in the third quarter by 9% to 2,151 buses, compared with 2,351 buses in the third quarter of 2009 primarily as a consequence of a decline in China after the large bus deliveries to the World Expo in Shanghai during the spring.

Net sales by market area, Buses

SEK M	Third quarter 2010	Third quarter 2009	Change in %	First nine months 2010	First nine months 2009	Change in %
Europe	**1,339**	1,589	(16)	**4,661**	5,693	(18)
North America	**1,553**	1,177	32	**5,315**	3,749	42
South America	**432**	197	119	**1,155**	669	73
Asia	**775**	841	(8)	**2,352**	1,782	32
Other markets	**495**	186	166	**1,431**	779	84
Total	**4,594**	**3,990**	**15**	**14,914**	**12,672**	**18**

Profitable third quarter

In the third quarter net sales increased by 15% to SEK 4,594 M (3,990). Adjusted for currency fluctuations, net sales increased by 13%. Previous investments in the US is now resulting in good sales development with increased market shares.

Operating income amounted to SEK 155 M compared with an operating loss of SEK 91 M in the third quarter of 2009. The operating margin was 3.4% compared with a negative 2.3% in the third quarter of 2009. The improvement is a result of higher sales, improved market mix and cost rationalizations.

Continued focus on profitability

As the global bus market has not shown any signs of a significant recovery, efforts continue with the aim of achieving a satisfactory profitability on existing volumes as well as focusing on tender business in order to improve the order intake, especially in Europe and North America.

Volvo Buses launched two new products during the third quarter. The first of these, the 8900 Intercity has a completely new body and chassi and is built on a modular concept. The second, the 9500 coach, is a complement to the 9700 and 9900 and answers to the increased demand in the medium segment of the market.

A number of important orders have been signed this quarter including 1,000 bus chassis for Panama City. Low fuel consumption and high accessibility were decisive for the customer. Deliveries start at the end of 2010. An order for 300 chassis for double-deckers has been secured from SBS Transit in Singapore. For environmental reasons, SBS has again chosen Volvo's Euro V engines even though these are not yet a requirement in Singapore.

Volvo Penta
– sluggish demand for marine engines

- Flat world market for marine engines, increased demand for industrial engines
- Strong industrial engine order intake and good development for the IPS system
- Operating margins affected by currency effects and production disturbances

Growth in industrial engines

The global market for industrial engines grew in the third quarter of the year due to stronger demand from all regions. The demand for marine engines in Europe and North America remained unchanged compared with the preceding quarter. This autumn's initial trade fairs for leisure boats in Europe have seen a high degree of product innovation, but end-consumers continue to maintain a cautious approach.

Market share in new segments

During this year's boating season, Volvo Penta has commenced serial production of new and larger IPS drive systems matched to the Volvo Group's 11 and 13 liter engines. These drive systems are sold in leisure boats and commercial boats ranging in size from 60 to 100 feet, thus providing Volvo Penta with market share in entirely new segments. The IPS system has thus far been received very positively by boatyards, not least due to its unique environmental advantages.

On September 30, volumes in the total order book were 153% higher than in the corresponding period in the preceding year with a shift in mix towards industrial engines.

Net sales by market area, Volvo Penta

	Third quarter			First nine months		
SEK M	**2010**	2009	Change in %	**2010**	2009	Change in %
Europe	**981**	1,012	(3)	**3,494**	3,453	1
North America	**372**	261	43	**1,186**	816	45
South America	**82**	61	34	**234**	167	40
Asia	**545**	507	7	**1,494**	1,541	(3)
Other markets	**97**	84	15	**277**	243	14
Total	**2,077**	**1,925**	**8**	**6,685**	**6,220**	**7**

Currency impacting earnings

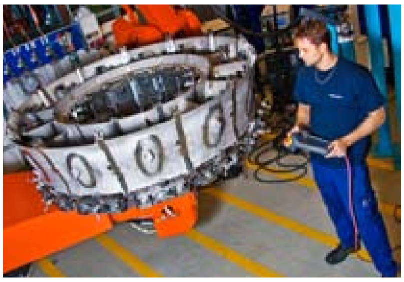
Volvo Penta's net sales for the third quarter increased by 8% to SEK 2,077 M (1,925). Adjusted for currency fluctuations, net sales increased by 13%. Sales were distributed between the two business segments as follows: Marine SEK 1,105 M (1,163) and Industrial SEK 972 M (762).

The operating income for the quarter amounted to SEK 72 M (25). The operating income was negatively affected by currency fluctuations, temporary production stoppages at the Vara plant due to technical problems now resolved and an unfavorable product mix with a larger share of industrial engines primarily in the medium-duty segment. The operating margin was 3.5% (1.3).

New products

In North America, Volvo Penta has secured new orders for industrial engines for diesel-powered generators that are used within peak shaving, that is, for generating electrical power when electricity prices reach top levels. Volvo Penta's customers within this segment specialize in operationally reliable and cost-efficient energy solutions for, among others, public services and major companies. Volvo Penta's powerful 16-liter engines have qualities that make them very suitable for this growing segment.

Volvo Aero
– improved profitability



- Increasing demand for air passenger travel
- Positive productivity trend continues
- Sale of Volvo Aero Services completed

Increasing order intake for Airbus and Boeing

During the first eight months of this year, international passenger traffic increased by 7.9% compared to the same period in 2009. In August, international passenger air traffic grew by 6.4% compared to August 2009. Passenger load factor in August remained high, at 81.6%.

International air freight traffic increased by 26.6% in the first eight months of this year compared to the same period in 2009 and grew by 19.6% in August compared to August 2009.

Airbus and Boeing announced 824 orders in the first three quarters of this year, up 150% compared to same period the previous year. The backlog for large commercial aircraft was at about the same level at the end of September as the beginning of the year. The aircraft manufacturers delivered 726 aircraft in the first nine months of the year, which was about the same number as in the first nine months of 2009.

Net sales by market area, Volvo Aero

	Third quarter			First nine months		
SEK M	**2010**	2009	Change in %	**2010**	2009	Change in %
Europe	**807**	931	(13)	**2,908**	2,920	(0)
North America	**928**	738	26	**2,697**	2,618	3
South America	**8**	6	33	**20**	26	(23)
Asia	**57**	58	(2)	**179**	165	8
Other markets	**15**	28	(46)	**54**	96	(44)
Total	**1,815**	**1,761**	**3**	**5,858**	**5,825**	**1**

Positive trend continues in the component business

For Volvo Aero, net sales during the third quarter increased by 3% to SEK 1,815 M, compared to SEK 1,761 M the same period a year ago. Adjusted for currency fluctuations, sales increased by 4%.

Operating income increased to SEK 224 M (108), due to lower costs and higher productivity. Operating margin was 12.3% (6.1).

The divestiture of the U.S. subsidiary Volvo Aero Services, which was announced in July, was completed on October 6.

Last Bolt Ceremony and first lit off for PW1000G

Pratt & Whitney has completed assembly on its first PurePower PW1000G engine for the Bombardier CSeries aircraft. Volvo Aero is a risk and revenue sharing partner in the engine with responsibility for design, development and production of the Intermediate Case, Turbine Exhaust Case and Low Pressure Turbine Shaft.

The completion of the first PW1000G engine for the start of testing in late August was an important milestone and it also marked the beginning of an engine validation and certification program that will run over the next 24 months with engine certification and aircraft first flight scheduled for 2012. Entry into service is scheduled for 2013.

Income statements Volvo Group, for the third quarter

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK M	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Net sales	**62,225**	**46,086**	**2,146**	**2,781**	**(402)**	**(384)**	**63,969**	**48,483**
Cost of sales	**(47,015)**	(39,317)	**(1,387)**	(1,981)	**402**	384	**(48,000)**	(40,914)
Gross income	**15,210**	**6,769**	**759**	**800**	**0**	**0**	**15,969**	**7,569**
Research and development expenses	**(3,125)**	(2,961)	**0**	0	**0**	0	**(3,125)**	(2,961)
Selling expenses	**(5,520)**	(5,551)	**(378)**	(381)	**0**	0	**(5,899)**	(5,932)
Administrative expenses	**(1,295)**	(1,185)	**(7)**	(5)	**0**	0	**(1,301)**	(1,191)
Other operating income and expenses	**(377)**	(343)	**(328)**	(417)	**0**	0	**(704)**	(760)
Income from investments in associated companies	**(10)**	(12)	**1**	1	**0**	0	**(10)**	(11)
Income from other investments	**(15)**	0	**0**	1	**0**	0	**(16)**	2
Operating income	**4,866**	**(3,283)**	**48**	**(3)**	**0**	**0**	**4,913**	**(3,286)**
Interest income and similar credits	**148**	118	**0**	0	**(33)**	(20)	**115**	98
Interest expenses and similar charges	**(772)**	(1,005)	**0**	0	**33**	20	**(739)**	(986)
Other financial income and expenses	**(39)**	46	**0**	0	**0**	0	**(39)**	46
Income after financial items	**4,203**	**(4,124)**	**48**	**(3)**	**0**	**0**	**4,251**	**(4,129)**
Income taxes	**(1,359)**	1,230	**(41)**	(16)	**0**	0	**(1,401)**	1,214
Income for the period*	**2,844**	**(2,894)**	**6**	**(19)**	**0**	**0**	**2,851**	**(2,913)**

* Attributable to:		
Equity holders of the parent company	**2,807**	(2,918)
Minority interests	**44**	5
	2,851	**(2,913)**
Basic earnings per share, SEK	**1.38**	(1.44)
Diluted earnings per share, SEK	**1.38**	(1.44)

Other comprehensive income		
Income for the period	**2,851**	(2,913)
Exchange differences on translation of foreign operations	**(3,989)**	(3,363)
Exchange differences on hedge instruments of net investment in foreign operations	**(181)**	177
Accumulated translation difference reversed to income	**11**	2
Available for sale investments	**60**	(10)
Cash flow hedges	**(15)**	1,067
Other comprehensive income, net of income taxes	**(4,114)**	(2,127)
Total comprehensive income for the period*	**(1,263)**	**(5,040)**
* Attributable to		
Equity holders of the parent company	**(1,256)**	(5,021)
Minority interests	**(7)**	(19)
	(1,263)	(5,040)

Income statements Volvo Group, for the first nine months

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK M	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Net sales	**185,401**	**151,046**	**7,080**	**8,897**	**(1,130)**	**(1,380)**	**191,351**	**158,563**
Cost of sales	**(141,660)**	(131,264)	**(4,794)**	(6,502)	**1,130**	1,380	**(145,324)**	(136,386)
Gross income	**43,741**	**19,782**	**2,286**	**2,395**	**0**	**0**	**46,027**	**22,177**
Research and development expenses	**(9,330)**	(9,827)	**0**	0	**0**	0	**(9,330)**	(9,827)
Selling expenses	**(16,779)**	(18,048)	**(1,137)**	(1,200)	**0**	0	**(17,917)**	(19,248)
Administrative expenses	**(4,347)**	(4,466)	**(20)**	(19)	**0**	0	**(4,366)**	(4,486)
Other operating income and expenses	**(796)**	(1,421)	**(1,061)**	(1,876)	**0**	0	**(1,857)**	(3,297)
Income from investments in associated companies	**(66)**	(31)	**1**	1	**0**	0	**(66)**	(30)
Income from other investments	**(8)**	8	**0**	6	**0**	0	**(9)**	14
Operating income	**12,414**	**(14,002)**	**69**	**(695)**	**0**	**0**	**12,482**	**(14,697)**
Interest income and similar credits	**408**	363	**0**	0	**(78)**	(68)	**330**	295
Interest expenses and similar charges	**(2,453)**	(2,741)	**0**	0	**78**	68	**(2,375)**	(2,673)
Other financial income and expenses	**583**	(617)	**0**	0	**0**	0	**583**	(617)
Income after financial items	**10,952**	**(16,997)**	**69**	**(695)**	**0**	**0**	**11,020**	**(17,693)**
Income taxes	**(3,133)**	4,885	**(90)**	107	**0**	0	**(3,224)**	4,992
Income for the period*	**7,819**	**(12,112)**	**(22)**	**(588)**	**0**	**0**	**7,797**	**(12,700)**
* Attributable to:								
Equity holders of the parent company							**7,633**	(12,720)
Minority interests							**164**	20
							7,797	**(12,700)**
Basic earnings per share, SEK							**3.76**	(6.27)
Diluted earnings per share, SEK							**3.76**	(6.27)

Other comprehensive income		
Income for the period	**7,797**	(12,700)
Exchange differences on translation of foreign operations	**(3,968)**	(2,662)
Exchange differences on hedge instruments of net investment in foreign operations	**(102)**	203
Accumulated translation difference reversed to income	**(22)**	(136)
Available for sale investments	**80**	89
Cash flow hedges	**(260)**	2,281
Other comprehensive income, net of income taxes	**(4,272)**	(225)
Total comprehensive income for the period*	**3,525**	**(12,925)**
* Attributable to		
Equity holders of the parent company	**3,397**	(12,973)
Minority interests	**128**	48
	3,525	(12,925)

Balance Sheet Volvo Group

SEK M	Industrial operations Sep 30 2010	Industrial operations Dec 31 2009	Customer Finance Sep 30 2010	Customer Finance Dec 31 2009	Eliminations Sep 30 2010	Eliminations Dec 31 2009	Volvo Group Total Sep 30 2010	Volvo Group Total Dec 31 2009
Tillgångar								
Non-current assets								
Intangible assets	**40,017**	41,532	**95**	96	**0**	0	**40,112**	41,628
Tangible assets								
Property, plant and equipment	**52,633**	55,208	**69**	72	**0**	0	**52,702**	55,280
Assets under operating leases	**11,959**	13,539	**9,150**	10,955	**(3,401)**	(4,106)	**17,708**	20,388
Financial assets								
Shares and participations	**2,114**	2,025	**19**	19	**0**	0	**2,133**	2,044
Non-current customer-financing receivables	**595**	531	**34,497**	39,720	**(587)**	(538)	**34,505**	39,713
Deferred tax assets	**12,226**	12,277	**407**	318	**0**	0	**12,633**	12,595
Prepaid pensions	**1,750**	2,038	**10**	10	**0**	0	**1,760**	2,049
Non-current interest-bearing receivables	**1,084**	1,095	**497**	0	**(962)**	(510)	**619**	585
Other non-current receivables	**3,993**	3,033	**39**	42	**(31)**	(36)	**4,001**	3,038
Total non-current assets	**126,371**	**131,278**	**44,783**	**51,232**	**(4,981)**	**(5,190)**	**166,173**	**177,320**
Current assets								
Inventories	**38,828**	35,765	**1,059**	1,962	**0**	0	**39,887**	37,727
Current receivables								
Customer-financing receivables	**852**	836	**35,479**	42,443	**(966)**	(1,015)	**35,365**	42,264
Tax assets	**1,179**	1,362	**61**	161	**0**	0	**1,240**	1,523
Interest-bearing receivables	**1,137**	1,215	**1,178**	66	**(1,954)**	(872)	**361**	410
Internal funding	**7,648**	3,662	**0**	0	**(7,648)**	(3,662)	**-**	–
Accounts receivable	**24,566**	20,877	**484**	460	**0**	0	**25,050**	21,337
Other receivables	**12,649**	11,459	**1,188**	1,701	**(578)**	(1,077)	**13,260**	12,082
Non interest-bearing assets held for sale	**650**	1,684	**-**	–	**-**	–	**650**	1,684
Interest-bearing assets held for sale	**8**	8	**-**	–	**-**	–	**8**	8
Marketable securities	**12,750**	16,655	**67**	21	**0**	0	**12,817**	16,676
Cash and cash equivalents	**13,248**	20,749	**1,144**	726	**(266)**	(241)	**14,126**	21,234
Total current assets	**113,512**	**114,272**	**40,663**	**47,540**	**(11,412)**	**(6,867)**	**142,763**	**154,945**
Total assets	**239,883**	**245,550**	**85,446**	**98,772**	**(16,393)**	**(12,057)**	**308,936**	**332,265**
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the parent company	**61,527**	57,856	**8,140**	8,549	**0**	0	**69,667**	66,405
Minority interests	**662**	629	**0**	0	**0**	0	**662**	629
Total shareholders' equity	**62,189**	**58,485**	**8,140**	**8,549**	**0**	**0**	**70,329**	**67,034**
Non-current provisions								
Provisions for post-employment benefits	**7,427**	8,021	**41**	30	**0**	0	**7,468**	8,051
Provisions for deferred taxes	**2,932**	1,858	**1,393**	1,780	**0**	0	**4,326**	3,638
Other provisions	**5,929**	6,277	**169**	80	**1**	2	**6,099**	6,360
Non-current liabilities								
Bond loans	**39,081**	49,191	**0**	0	**0**	0	**39,081**	49,191
Other loans	**42,893**	48,684	**7,770**	7,458	**(79)**	(107)	**50,584**	56,035
Internal funding	**(23,205)**	(30,908)	**25,468**	32,758	**(2,263)**	(1,849)	**-**	–
Other liabilities	**11,007**	11,762	**384**	479	**(2,132)**	(2,353)	**9,259**	9,888
Current provisions	**8,027**	9,321	**77**	164	**1**	2	**8,105**	9,487
Current liabilities								
Loans	**31,080**	44,196	**8,288**	8,305	**(859)**	(876)	**38,508**	51,626
Internal funding	**(21,290)**	(32,273)	**30,586**	36,457	**(9,296)**	(4,184)	**-**	–
Non interest-bearing liabilities held for sale	**416**	272	**-**	–	**-**	–	**416**	272
Trade payables	**37,706**	35,754	**192**	201	**0**	0	**37,898**	35,955
Tax liabilities	**1,438**	369	**458**	254	**0**	0	**1,895**	623
Other liabilities	**34,253**	34,541	**2,480**	2,257	**(1,766)**	(2,692)	**34,968**	34,105
Total shareholders' equity and liabilities	**239,883**	**245,550**	**85,446**	**98,772**	**(16,393)**	**(12,057)**	**308,936**	**332,265**
Contingent liabilities							**10,952**	9,607

Cash flow statement for the third quarter

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK bn	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Operating activities								
Operating income	**4.9**	(3.3)	**0.1**	0.0	**0.0**	0.0	**4.9**	(3.3)
Depreciation tangible assets	**1.5**	1.6	**0.0**	0.0	**0.0**	0.0	**1.5**	1.6
Depreciation intangible assets	**0.8**	0.8	**0.0**	0.0	**0.0**	0.0	**0.8**	0.8
Depreciation leasing vehicles	**0.6**	0.6	**0.6**	0.7	**0.0**	0.0	**1.2**	1.3
Other non-cash items	**0.0**	0.5	**0.4**	0.3	**0.0**	0.0	**0.4**	0.8
Total change in working capital whereof	**(6.4)**	1.8	**0.3**	4.6	**(0.1)**	(0.2)	**(6.2)**	6.2
Change in accounts receivable	***0.2***	*1.6*	***0.0***	*0.0*	***0.0***	*0.0*	***0.3***	*1.6*
Change in inventories	***(2.1)***	*3.4*	***0.2***	*0.1*	***0.0***	*0.0*	***(2.0)***	*3.5*
Change in trade payables	***(4.8)***	*(0.7)*	***0.1***	*0.0*	***0.0***	*0.0*	***(4.6)***	*(0.7)*
Other changes in working capital	***0.3***	*(2.5)*	***0.0***	*4.5*	***(0.1)***	*(0.2)*	***0.1***	*1.8*
Net of interest and other financial items	**(0.7)**	(1.2)	**0.0**	0.0	**0.0**	0.0	**(0.7)**	(1.2)
Income taxes paid	**(0.3)**	(0.2)	**(0.2)**	0.0	**0.0**	0.1	**(0.4)**	(0.1)
Cash flow from operating activities	**0.4**	**0.6**	**1.2**	**5.6**	**(0.1)**	**(0.1)**	**1.5**	**6.1**
Investing activities								
Investments in tangible assets	**(1.5)**	(1.8)	**0.0**	0.0	**0.0**	0.0	**(1.5)**	(1.8)
Investments in intangible assets	**(0.9)**	(0.3)	**0.0**	0.0	**(0.1)**	0.0	**(1.0)**	(0.3)
Investment in leasing vehicles	**(0.1)**	0.0	**(1.2)**	(0.6)	**0.0**	(0.2)	**(1.3)**	(0.8)
Disposals of fixed assets and leasing vehicles	**0.2**	0.1	**0.7**	0.6	**0.0**	0.0	**0.9**	0.7
Operating cash flow	**(1.9)**	**(1.4)**	**0.7**	**5.6**	**(0.2)**	**(0.3)**	**(1.4)**	**3.9**
Investments and divestments of shares, net							**0.0**	0.0
Acquired and divested operations, net							**0.4**	0.1
Interest-bearing receivables incl marketable securites							**2.7**	(6.5)
Cash-flow after net investments							**1.7**	**(2.5)**
Financing activities								
Change in loans, net							**(9.5)**	(2.6)
Dividend to AB Volvo shareholders							**0.0**	0.0
Dividend to minority shareholders							**0.0**	0.0
Change in cash and cash equivalents excl. translation differences							**(7.8)**	**(5.1)**
Translation difference on cash and cash equivalents							**(1.2)**	(0.5)
Change in cash and cash equivalents							**(9.0)**	**(5.6)**

Cash flow statement for the first nine months

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK bn	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Operating activities								
Operating income	**12.4**	(14.0)	**0.1**	(0.7)	**0.0**	0.0	**12.5**	(14.7)
Depreciation tangible assets	**4.5**	5.0	**0.0**	0.0	**0.0**	0.0	**4.5**	5.0
Depreciation intangible assets	**2.4**	2.7	**0.0**	0.0	**0.0**	0.0	**2.4**	2.7
Depreciation leasing vehicles	**1.6**	1.8	**1.8**	2.2	**0.0**	0.0	**3.4**	4.0
Other non-cash items	**0.2**	1.5	**1.1**	1.6	**0.0**	0.0	**1.3**	3.1
Total change in working capital whereof	**(7.6)**	(7.0)	**3.1**	10.8	**0.0**	0.1	**(4.5)**	3.9
Change in accounts receivable	***(4.9)***	*9.3*	***(0.1)***	*(0.1)*	***0.0***	*0.0*	***(5.0)***	*9.2*
Change in inventories	***(5.1)***	*10.7*	***0.7***	*(0.8)*	***0.0***	*0.0*	***(4.4)***	*9.9*
Change in trade payables	***3.9***	*(21.3)*	***0.0***	*(0.1)*	***0.0***	*0.0*	***3.9***	*(21.4)*
Other changes in working capital	***(1.5)***	*(5.7)*	***2.5***	*11.8*	***0.0***	*0.1*	***1.0***	*6.2*
Net of interest and other financial items	**(2.0)**	(2.3)	**0.0**	0.0	**0.0**	0.0	**(2.0)**	(2.3)
Income taxes paid	**(1.7)**	(0.8)	**(0.2)**	(0.1)	**0.0**	0.1	**(1.9)**	(0.8)
Cash flow from operating activities	**9.8**	**(13.1)**	**5.9**	**13.8**	**0.0**	**0.2**	**15.7**	**0.9**
Investing activities								
Investments in tangible assets	**(3.8)**	(5.4)	**(0.1)**	0.0	**0.1**	0.0	**(3.8)**	(5.4)
Investments in intangible assets	**(2.5)**	(1.9)	**0.0**	0.0	**(0.1)**	0.0	**(2.6)**	(1.9)
Investment in leasing vehicles	**(0.2)**	(0.1)	**(2.6)**	(2.9)	**0.0**	(0.1)	**(2.8)**	(3.1)
Disposals of fixed assets and leasing vehicles	**0.6**	0.5	**1.8**	2.3	**0.0**	0.0	**2.4**	2.8
Operating cash flow	**3.9**	**(20.0)**	**5.0**	**13.2**	**0.0**	**0.1**	**8.9**	**(6.7)**
Investments and divestments of shares, net							**(0.1)**	0.0
Acquired and divested operations, net							**0.6**	0.1
Interest-bearing receivables incl marketable securites							**3.8**	(7.0)
Cash-flow after net investments							**13.2**	**(13.6)**
Financing activities								
Change in loans, net							**(19.6)**	19.4
Dividend to AB Volvo shareholders							**0.0**	(4.1)
Dividend to minority shareholders							**(0.1)**	0.0
Change in cash and cash equivalents excl. translation differences							**(6.5)**	**1.7**
Translation difference on cash and cash equivalents							**(0.6)**	(0.5)
Change in cash and cash equivalents							**(7.1)**	**1.2**

Net financial position

SEK M	Industrial Operations Sep 30 2010	Industrial Operations Dec 31 2009	Volvo Group Sep 30 2010	Volvo Group Dec 31 2009
Non-current interest-bearing assets				
Non-current customer-financing receivables	**-**	–	**34,505**	39,713
Non-current interest-bearing receivables	**1,084**	1,095	**619**	585
Current interest-bearing assets				
Customer-financing receivables	**-**	–	**35,365**	42,264
Interest-bearing receivables	**1,137**	1,215	**361**	410
Internal funding	**7,648**	3,662	**-**	–
Interest-bearing assets held for sale	**8**	8	**8**	8
Marketable securities	**12,750**	16,655	**12,817**	16,676
Cash and cash equivalents	**13,248**	20,749	**14,126**	21,234
Total financial assets	**35,875**	**43,384**	**97,801**	**120,890**
Non-current interest-bearing liabilities				
Bond loans	**39,081**	49,191	**39,081**	49,191
Other loans	**42,893**	48,684	**50,584**	56,035
Internal funding	**(23,205)**	(30,908)	**-**	–
Current interest-bearing liabilities				
Loans	**31,080**	44,196	**38,508**	51,626
Internal funding	**(21,290)**	(32,273)	**-**	–
Total financial liabilities	**68,559**	**78,890**	**128,173**	**156,852**
Net financial position excl post-employment benefits	**(32,684)**	**(35,506)**	**(30,372)**	**(35,962)**
Provisions for post-employment benefits, net	**5,677**	5,983	**5,708**	6,002
Net financial position incl post-employment benefits	**(38,361)**	**(41,489)**	**(36,080)**	**(41,964)**

Changes in net financial position, Industrial operations

SEK bn	Third quarter 2010	First nine months 2010
Beginning of period	**(39.9)**	**(41.5)**
Cash flow from operating activities	**0.4**	9.8
Investments in fixed assets	**(2.5)**	(6.5)
Disposals	**0.2**	0.6
Operating cash-flow	**(1.9)**	**3.9**
Investments and divestments of shares, net	**0.0**	(0.1)
Acquired and divested operations, net	**0.4**	0.6
Capital injections to/from Customer Finance operations	**(0.1)**	(0.5)
Currency effect	**2.7**	(0.7)
Dividend paid to minority shareholders	**0.0**	(0.1)
Other changes	**0.4**	0.0
Total change	**1.5**	**3.1**
Net financial position at end of period	**(38.4)**	**(38.4)**

Changes in shareholders' equity

	First nine months	
SEK bn	**2010**	2009
Total equity at end of previous period	**67.0**	**84.6**
Transition effect IFRS 3, capitalized transaction costs	**(0.1)**	–
Total equity at beginning of period	**66.9**	**84.6**
Shareholders' equity attributable to equity holders of the parent company at beginning of period	**66.4**	**84.0**
Income for the period	**7.6**	(12.7)
Other comprehensive income	**(4.3)**	(0.2)
Total comprehensive income	**3.3**	**(12.9)**
Dividend to AB Volvo's shareholders	**0.0**	(4.1)
Share-based payments	**0.0**	0.0
Other changes	**0.0**	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	**69.7**	**67.0**
Minority interests at beginning of period	**0.6**	**0.6**
Income for the period	**0.2**	0.0
Other comprehensive income	**0.0**	0.0
Total comprehensive income	**0.2**	**0.0**
Cash dividend	**(0.1)**	0.0
Minority regarding new acquisitions	**0.0**	0.1
Other changes	**0.0**	0.0
Minority interests at end of period	**0.7**	**0.7**
Total equity at end of period	**70.4**	**67.7**

Key ratios

Industrial operations

	First nine months	
	2010	2009
Gross margin, %	**23.6**	13.1
Research and development expenses in % of net sales	**5.0**	6.5
Selling expenses in % of net sales	**9.1**	11.9
Administrative expenses in % of net sales	**2.3**	3.0
Operating margin, %	**6.7**	(9.3)

	Sep 30 2010	Dec 31 2009
Return on operating capital, %, 12 months rolling values	**10.8**	(15.6)
Net financial position at end of period, SEK billion	**(38.4)**	(41.5)
Net financial position in % of shareholders' equity at end of period	**(61.7)**	(70.9)
Shareholders' equity as percentage of total assets, end of period	**25.9**	23.8

Customer finance

	Sep 30 2010	Dec 31 2009
Return on shareholders' equity, %, 12 months rolling values	**0.0**	(6.2)
Equity ratio at end of period, %	**9.5**	8.7
Asset growth, % from preceding year end until end of period	**(13.5)**	(16.0)

Volvo Group

	First nine months	
	2010	2009
Gross margin, %	**24.1**	14.0
Research and development expenses in % of net sales	**4.9**	6.2
Selling expenses in % of net sales	**9.4**	12.1
Administrative expenses in % of net sales	**2.3**	2.8
Operating margin, %	**6.5**	(9.3)

	Sep 30 2010	Dec 31 2009
Basic earnings per share, SEK, 12 months rolling values	**2.78**	(7.26)
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	**34.4**	32.8
Return on shareholders' equity, %, 12 months rolling values	**8.5**	(19.7)
Shareholders' equity as percentage of total assets, end of period	**22.8**	20.2

Share data

	First nine months	
	2010	2009
Basic earnings per share, SEK	**3.76**	(6.27)
Diluted earnings per share, SEK	**3.76**	(6.27)
Number of shares outstanding, million	**2,027**	2,027
Average number of shares during period, million	**2,027**	2,027
Average diluted number of shares during period, million	**2,027**	2,027
Number of company shares, held by AB Volvo, million	**101**	101
Average number of company shares, held by AB Volvo, million	**101**	101

Quarterly figures

SEK M unless otherwise stated

Industrial operations	3/2009	4/2009	1/2010	2/2010	3/2010
Net sales	**46,086**	**57,441**	**56,459**	**66,717**	**62,225**
Cost of sales	(39,317)	(48,314)	(43,579)	(51,066)	**(47,015)**
Gross income	**6,769**	**9,127**	**12,880**	**15,651**	**15,210**
Research and development expenses	(2,961)	(3,366)	(3,004)	(3,201)	**(3,125)**
Selling expenses	(5,551)	(5,704)	(5,476)	(5,783)	**(5,520)**
Administrative expenses	(1,185)	(1,372)	(1,622)	(1,430)	**(1,295)**
Other operating income and expenses	(343)	(1,011)	26	(445)	**(377)**
Income from investments in associated companies	(12)	16	(19)	(37)	**(10)**
Income from other investments	0	(21)	0	7	**(15)**
Operating income Industrial operations	**(3,283)**	**(2,331)**	**2,785**	**4,763**	**4,866**
Customer Finance					
Finance and lease income	2,781	2,815	2,508	2,426	**2,146**
Finance and lease expenses	(1,981)	(1,925)	(1,737)	(1,670)	**(1,387)**
Gross income	**800**	**890**	**771**	**756**	**759**
Selling and administrative expenses	(388)	(388)	(385)	(388)	**(384)**
Credit provision expenses	(418)	(466)	(374)	(414)	**(339)**
Other operating income and expenses	3	(21)	2	53	**12**
Operating income Customer Finance	**(3)**	**15**	**14**	**7**	**48**
Volvo Group					
Operating income	**(3,286)**	**(2,316)**	**2,799**	**4,770**	**4,913**
Interest income and similar credits	98	95	103	112	**115**
Interest expense and similar charges	(986)	(886)	(821)	(815)	**(739)**
Other financial income and costs	46	225	147	475	**(39)**
Income after financial items	**(4,129)**	**(2,881)**	**2,228**	**4,541**	**4,251**
Income taxes	1,214	897	(508)	(1,315)	**(1,401)**
Income for the period*	**(2,913)**	**(1,985)**	**1,720**	**3,226**	**2,851**
* Attributable to					
Equity holders of AB Volvo	(2,918)	(1,998)	1,681	3,145	**2,807**
Minority interests	5	13	39	81	**44**
	(2,913)	**(1,985)**	**1,720**	**3,226**	**2,851**

Key operating ratios, Industrial operations					
Gross margin, %	14.7	15.9	22.8	23.5	**24.4**
Research and development expenses in % of net sales	6.4	5.9	5.3	4.8	**5.0**
Selling expenses in % of net sales	12.0	9.9	9.7	8.7	**8.9**
Administrative expenses in % of net sales	2.6	2.4	2.9	2.1	**2.1**
Operating margin , %	(7.1)	(4.1)	4.9	7.1	**7.8**

Depreciation and amortization, included above					
Product and Software development, amortization	753	745	716	706	**709**
Other intangible assets, amortization	110	109	105	111	**119**
Tangible assets, depreciation	2,821	2,696	2,576	2,663	**2,703**
Total	**3,684**	**3,550**	**3,397**	**3,480**	**3,531**
Of which					
Industrial operations	3,025	2,892	2,782	2,858	**2,928**
Customer Finance	659	658	615	622	**603**
Total	**3,684**	**3,550**	**3,397**	**3,480**	**3,531**

Research and development expenses					
Capitalization	448	752	713	464	**621**
Amortization	(611)	(643)	(588)	(569)	**(575)**
Net capitalization of research and development expenses	**(163)**	**109**	**125**	**(105)**	**46**

Quarterly figures

Share data

	3/2009	4/2009	1/2010	2/2010	**3/2010**
Earnings per share, SEK*	(1.44)	(0.99)	0.83	1.55	**1.38**
Number of shares outstanding, million	2,027	2,027	2,027	2,027	**2,027**
Average number of shares during period, million	2,027	2,027	2,027	2,027	**2,027**
Number of company shares, held by AB Volvo, million	101	101	101	101	**101**

* Earnings per share are calculated as Income for the period attributable to the shareholders of the parent company divided by the weighted average number of shares outstanding during the period.

Net sales

SEK M	3/2009	4/2009	1/2010	2/2010	**3/2010**
Trucks	30,351	37,678	36,488	41,589	**41,187**
Construction Equipment	8,176	10,159	11,148	15,295	**12,710**
Buses	3,990	5,793	5,067	5,253	**4,594**
Volvo Penta	1,925	1,939	1,977	2,631	**2,077**
Volvo Aero	1,761	1,978	1,910	2,133	**1,815**
Eliminations and other	(117)	(105)	(131)	(184)	**(158)**
Industrial operations	**46,086**	**57,441**	**56,459**	**66,717**	**62,225**
Customer Finance	2,781	2,815	2,508	2,426	**2,146**
Eliminations	(384)	(458)	(350)	(378)	**(402)**
Volvo Group	**48,483**	**59,798**	**58,617**	**68,765**	**63,969**

Operating income

SEK M	3/2009	4/2009	1/2010	2/2010	**3/2010**
Trucks	(2,329)	(1,316)	1,444	2,478	**2,700**
Construction Equipment	(787)	(564)	1,006	2,086	**1, 330**
Buses	(91)	(46)	145	259	**155**
Volvo Penta	25	7	121	312	**72**
Volvo Aero	108	(169)	152	(372)	**224**
Group headquarter functions and other	(210)	(244)	(83)	0	**385**
Industrial operations	**(3,283)**	**(2,331)**	**2,785**	**4,763**	**4,866**
Customer Finance	(3)	15	14	7	**48**
Volvo Group	**(3,286)**	**(2,316)**	**2,799**	**4,770**	**4,913**

Operating margin

%	3/2009	4/2009	1/2010	2/2010	**3/2010**
Trucks	(7.7)	(3.5)	4.0	6.0	**6.6**
Construction Equipment	(9.6)	(5.6)	9.0	13.6	**10.5**
Buses	(2.3)	(0.8)	2.9	4.9	**3.4**
Volvo Penta	1.3	0.4	6.1	11.9	**3.5**
Volvo Aero	6.1	(8.5)	8.0	(17.4)	**12.3**
Industrial operations	**(7.1)**	**(4.1)**	**4.9**	**7.1**	**7.8**
Volvo Group	**(6.8)**	**(3.9)**	**4.8**	**6.9**	**7.7**

Accounting principles

As from January 1, 2005, AB Volvo applies the International Financial Reporting Standards (IFRS) as adopted by the EU, for the group consolidation. The accounting principles, which were applied during the preparation of this report, are described in Note 1 to the consolidated financial statements, which are included in the 2009 Annual Report for the Volvo Group. This interim report has been prepared in accordance with IAS 34, Interim financial Reporting and the Annual Accounts Act.

The financial reporting of the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2.3 Reporting for legal entities. Application of RFR 2.3 entails that in interim reporting for legal entities, the parent company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

New accounting principles in 2010

In accordance with considerations presented in the Annual Report, Note 3, regarding new accounting principles for 2010, a number of new standards and IFRIC interpretations became effective January 1, 2010.

Revised IFRS 3 Business combinations

The standard became effective on July 1, 2009 and applies to fiscal years beginning on or after that date. The standard entails changes to the reporting of future acquisitions regarding for example the accounting of transaction costs, any contingent considerations and step acquisitions. Further information regarding the financial impact is available in note 3 to the consolidated financial statements, included in the 2009 Annual Report for the Volvo Group.

IAS 27 amendment Consolidated and separate financial statements

The standard became effective on July 1, 2009, as a consequence of the revised IFRS 3, and applies to fiscal years beginning on or after that date. The amendment brings about changes in IAS 27 regarding for example how to report changes to the ownership in cases where the parent company retains or loses the control of the owned entity. The Group applies the amendment as of January 1, 2010. The application will prospectively affect the accounting for business combinations made from the application date.

Other new amendments to standards and IFRIC interpretations applied by the Volvo Group from January 1, 2010, have no significant effect on the financial statements of the Group, in accordance with what has been communicated in Note 3 of the Annual report.

Otherwise, accounting principles and methods of calculations have remained essentially unchanged from those applied in the 2009 Annual Report.

Hedging of commercial currency flows

Volvo only hedges firm flows whereof the major part is realized within 6 months. Hedge accounting is not applied and unrealized gains and losses from fluctuations in the fair values of the contracts are reported in the income statement in the segment Group headquarter functions and other. This has positively affected the Group's operating income by SEK 598 M during the third quarter. When the contracts have been realised the income effect will be reported within the respective segments.

Risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustained favorable profitability. Risk may be due to events in the world and can affect a given industry or market. Risk can be specific to a single company. Volvo works continuously to identify measure and manage risk, and in some cases Volvo can influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Volvo's control, the aim is to minimize the consequences.

The risks to which the Volvo Group are exposed are classified into three main categories:

External-related risks – such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations;

Financial risks – such as currency fluctuations, interest levels fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk and;

Operational risks – such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital. For a more elaborated account for these risks, please refer to the Risk Management section on pages 34-36 in the 2009 Annual Report for the Volvo Group. The Annual Report is available on the internet at www.volvogroup.com. Short-term risks, when applicable, are also described in the respective report per business area of this report.

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

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

The reported amounts for contingent liabilities reflect a part of Volvo's risk exposure. Total contingent liabilities at September 30, 2010, amounted to SEK 11,0 billion, a decrease of SEK 0,3 billion compared to June 30, 2010. Included in the total is a contingent liability of SEK 0.5 billion pertaining to a claim on Volvo Powertrain to pay penalties following a demand by the US Environmental Protection Agency (EPA). The demand is a consequence of dissenting opinions on whether an agreement between EPA and Volvo Powertrain regarding lower emitting engines also should include engines sold by Volvo Penta.

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

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

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

Volvo verifies annually, or more frequently if necessary, the goodwill value of its business areas and other intangible assets for possible impairment. The size of the overvalue differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. Instability in the business recovery and volatility in interest and currency rates may lead to indications of impairment.

Corporate acquisitions and divestments

In the beginning of the third quarter Volvo CE sold its Turkish distribution network. Accordingly, the pertaining assets of SEK 232 M and liabilities of SEK 36 M are no longer included in assets and liabilities held for sale. The transaction had a positive impact on the Group's operating income of SEK 107 M.

Assets of SEK 125 M and liabilities of SEK 181 M were reclassified to assets and liabilities held for sale during the third quarter. The revaluation of assets to fair value less cost to sell in connection with the reclassification led to a minor write-down in the quarter. Depending on the progress with the sale process, the fair value of assets held for sale may change in the forthcoming periods or when the transactions are finalized. At the end of the third quarter total assets and liabilities held for sale amount to SEK 658 M and SEK 416 M respectively.

The divestment of Volvo Aero's US subsidiary, Volvo Aero Services, has been completed in the beginning of October. At the end of the third quarter assets and liabilities of Volvo Aero Services is included in assets and liabilities held for sale with assets held for sale amounting to SEK 532 M and liabilities held for sale amounting to SEK 235 M. Reclassified assets and liabilities pertain to smaller operations.

For the third quarter 2010 Volvo Group has not made any other acquisitions or divestments that have had a significant impact on the Group's financial statement.

Parent Company

Income statements

SEK M	Third quarter 2010	Third quarter 2009	First nine months 2010	First nine months 2009
Net sales[1]	**143**	**186**	**466**	**558**
Cost of sales[1]	**(143)**	(186)	**(466)**	(558)
Gross income	**0**	**0**	**0**	**0**
Operating expenses[1]	**(140)**	(70)	**(453)**	(330)
Income from investments in Group companies	**(781)**	(260)	**4,775**	6,818
Income from investments in associated companies	**(26)**	(9)	**(71)**	(22)
Income from other investments	**-**	2	**2**	2
Operating income	**(947)**	**(337)**	**4,253**	**6,468**
Interest income and expenses	**(262)**	(80)	**(579)**	(233)
Other financial income and expenses	**(8)**	(7)	**(56)**	6
Income after financial items	**(1,217)**	**(424)**	**3,618**	**6,241**
Income taxes	**131**	203	**469**	919
Income for the period	**(1,086)**	**(221)**	**4,087**	**7,160**

1 Of net sales in the second quarter SEK 122 M (155) pertained to Group companies, while purchases from Group companies amounted to SEK 106 M (111).

Other comprehensive income				
Income for the period	**(1,086)**	(221)	**4,087**	7,160
Available-for-sale investments	**84**	(2)	**116**	78
Other comprehensive income, net of income taxes	**84**	(2)	**116**	78
Total comprehensive income for the period	**(1,002)**	**(223)**	**4,203**	**7,238**

Balance sheet

SEK M		30 sep 2010		31 dec 2009
Assets				
Non-current assets				
Intangible assets		**106**		96
Tangible assets		**16**		16
Financial assets				
Shares and participations in Group companies	**57,498**		57,062	
Other shares and participations	**2,469**		2,363	
Deferred tax assets	**5,358**	**65,325**	4,712	64,137
Total non-current assets		**65,447**		**64,249**
Current assets				
Short-term receivables from Group companies		**24**		4,707
Other short-term receivables		**318**		247
Cash and bank accounts		**0**		0
Total current assets		**342**		**4,954**
Total assets		**65,789**		**69,203**
Shareholders' equity and liabilities				
Shareholders' equity				
Restricted equity	**9,891**		9,891	
Unrestricted equity	**25,666**	**35,557**	21,462	31,353
Untaxed reserves		**4**		4
Provisions		**131**		136
Non-current liabilites[1]		**17**		7
Currrent liabilites[2]		**30,080**		37,703
Total shareholders´equity and liabilities		**65,789**		**69,203**

1 Of which SEK 7 M (7) pertains to Group companies.

2 Of which SEK 29,547 M (37,370) pertains to Group companies.

Income from investments in Group companies for the third quarter includes dividends amounting to SEK 6 M (450) and transfer price adjustments, net, of SEK −787 M (−710).

In 2010 revaluation of the ownership in the listed company Deutz AG has increased the value by SEK 116 M, recognized in other comprehensive income.

Investments in intangible and tangible assets amounted to SEK 22 M (–) and 0 M (0) respectively.

Financial net debt amounted to SEK 28,889 M (18,922) at the end of the third quarter.

Events after the balance sheet date

The divestment of Volvo Aero's US subsidiary, Volvo Aero Services, has been completed in the beginning of October. For further information, see page 29 of this report.

No other significant events have occurred after the end of the third quarter 2010 that are expected to have a substantial effect on the Volvo Group.

Göteborg October 22, 2010
AB Volvo (publ)

Leif Johansson
President and CEO

This report has not been reviewed by AB Volvo's auditors

Deliveries

Delivered Trucks

	Third quarter 2010	Third quarter 2009	Change in %	First nine months 2010	First nine months 2009	Change in %
Trucks						
Europe	**14,654**	8,359	75	**42,640**	35,628	20
Western Europe	**12,618**	7,377	71	**36,925**	32,268	14
Eastern Europe	**2,036**	982	107	**5,715**	3,360	70
North America	**5,869**	4,184	40	**15,512**	11,937	30
South America	**5,218**	2,930	78	**15,266**	8,227	86
Asia	**13,854**	9,159	51	**38,876**	23,651	64
Middle East	**2,764**	995	178	**7,202**	4,048	78
Other Asia	**11,090**	8,164	36	**31,674**	19,603	62
Other markets	**4,018**	2,984	35	**10,873**	10,070	8
Total Trucks	**43,613**	**27,616**	**58**	**123,167**	**89,513**	**38**
Light duty (< 7 tons)	**5,790**	5,693	2	**18,213**	16,746	9
Medium duty (7-16 tons)	**7,306**	5,275	39	**22,474**	14,747	52
Heavy duty (>16 tons)	**30,518**	16,649	83	**82,480**	58,021	42
Total Trucks	**43,613**	**27,616**	**58**	**123,167**	**89,513**	**38**
Mack Trucks						
Europe	**-**	–	–	**-**	–	–
Western Europe	**-**	–	–	**-**	–	–
Eastern Europe	**-**	–	–	**-**	–	–
North America	**2,367**	1,951	21	**6,900**	5,609	23
South America	**464**	292	59	**1,362**	889	53
Asia	**21**	242	(91)	**35**	449	(92)
Middle East	**17**	242	(93)	**31**	449	(93)
Other Asia	**4**	–	–	**4**	–	–
Other markets	**292**	215	36	**704**	926	(24)
Total Mack Trucks	**3,144**	**2,700**	**16**	**9,001**	**7,873**	**14**
Light duty (< 7 tons)	**-**	–	–	**-**	–	–
Medium duty (7-16 tons)	**2**	–	–	**2**	–	–
Heavy duty (>16 tons)	**3,142**	2,700	16	**8,999**	7,873	14
Total Mack Trucks	**3,144**	**2,700**	**16**	**9,001**	**7,873**	**14**
Renault Trucks						
Europe	**8,048**	5,074	59	**23,795**	21,345	11
Western Europe	**7,522**	4,711	60	**22,102**	19,963	11
Eastern Europe	**526**	363	45	**1,693**	1,382	23
North America	**19**	262	(93)	**37**	389	(90)
South America	**193**	174	11	**377**	351	7
Asia	**931**	371	151	**2,145**	1,235	74
Middle East	**802**	333	141	**1,914**	1,074	78
Other Asia	**129**	38	239	**231**	161	43
Other markets	**1,301**	1,197	9	**4,030**	3,721	8
Total Renault Trucks	**10,492**	**7,078**	**48**	**30,384**	**27,041**	**12**
Light duty (< 7 tons)	**3,020**	2,992	1	**9,810**	10,313	(5)
Medium duty (7-16 tons)	**1,590**	918	73	**5,552**	3,852	44
Heavy duty (>16 tons)	**5,882**	3,168	86	**15,022**	12,876	17
Total Renault Trucks	**10,492**	**7,078**	**48**	**30,384**	**27,041**	**12**

AB Volvo (publ) discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7.30 a.m. on October 22, 2010.

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with the OMX Nordic Exchange Stockholm if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

	Third quarter			First nine months		
	2010	2009	Change in %	**2010**	2009	Change in %
Volvo Trucks						
Europe	**6,606**	3,285	101	**18,845**	14,281	32
Western Europe	**5,096**	2,666	91	**14,823**	12,305	20
Eastern Europe	**1,510**	619	144	**4,022**	1,976	104
North America	**3,383**	1,663	103	**7,837**	5,271	49
South America	**4,480**	2,351	91	**13,335**	6,661	100
Asia	**2,707**	1,104	145	**7,004**	3,888	80
Middle East	**1,751**	266	558	**4,350**	2,017	116
Other Asia	**956**	838	14	**2,654**	1,871	42
Other markets	**1,172**	593	98	**3,061**	2,915	5
Total Volvo Trucks	**18,348**	**8,996**	**104**	**50,082**	**33,016**	**52**
Light duty (< 7 tons)	**-**	–	–	**-**	–	–
Medium duty (7-16 tons)	**350**	341	3	**1,302**	1,060	23
Heavy duty (>16 tons)	**17,998**	8,655	108	**48,780**	31,956	53
Total Volvo Trucks	**18,348**	**8,996**	**104**	**50,082**	**33,016**	**52**
UD Trucks						
Europe	**-**	–	–	**-**	2	–
Western Europe	**-**	–	–	**-**	–	–
Eastern Europe	**-**	–	–	**-**	2	–
North America	**100**	308	(68)	**738**	668	10
South America	**81**	113	(28)	**192**	326	(41)
Asia	**6,127**	4,486	37	**17,927**	11,124	61
Middle East	**194**	154	26	**907**	508	79
Other Asia	**5,933**	4,332	37	**17,020**	10,616	60
Other markets	**1,253**	979	28	**3,078**	2,508	23
Total UD Trucks	**7,561**	**5,886**	**28**	**21,935**	**14,628**	**50**
Light duty (< 7 tons)	**2,286**	2,382	(4)	**7,008**	5,703	23
Medium duty (7-16 tons)	**2,435**	1,764	38	**6,984**	4,448	57
Heavy duty (>16 tons)	**2,840**	1,740	63	**7,943**	4,477	77
Total UD Trucks	**7,561**	**5,886**	**28**	**21,935**	**14,628**	**50**
Eicher[1]						
Europe	**-**	–	–	**-**	–	–
Western Europe	**-**	–	–	**-**	–	–
Eastern Europe	**-**	–	–	**-**	–	–
North America	**-**	–	–	**-**	–	–
South America	**-**	–	–	**-**	–	–
Asia	**4,068**	2,957	38	**11,766**	6,956	69
Middle East	**-**	–	–	**-**	–	–
Other Asia	**4,068**	2,957	38	**11,766**	6,956	69
Other markets	**-**	–	–	**-**	–	–
Total Eicher	**4,068**	**2,957**	**38**	**11,766**	**6,956**	**69**
Light duty (< 7 tons)	**484**	319	52	**1,395**	730	91
Medium duty (7-16 tons)	**2,929**	2,252	30	**8,634**	5,387	60
Heavy duty (>16 tons)	**656**	386	70	**1,737**	840	107
Total Eicher	**4,068**	**2,957**	**38**	**11,766**	**6,956**	**69**

1 50% of the joint venture together with Eicher Motor Limited is consolidated in the Volvo Group.

Delivered Buses

	Third quarter			First nine months		
	2010	2009	Change in %	**2010**	2009	Change in %
Buses						
Europe	**486**	562	(14)	**1,666**	2,364	(30)
Western Europe	**480**	533	(10)	**1,639**	2,112	(22)
Eastern Europe	**6**	29	(79)	**27**	252	(89)
North America	**439**	337	30	**1,473**	964	53
South America	**266**	140	90	**697**	362	93
Asia	**715**	1,219	(41)	**2,405**	2,456	(2)
Other markets	**245**	93	163	**758**	439	73
Total Buses	**2.151**	**2,351**	**(9)**	**6,999**	**6,585**	**6**

Further publication dates

Report on 2010 operations	February 4, 2011
Annual Report 2010	March, 2011
Annual General Meeting in Gothenburg	April 6, 2011
Report for the first three months 2011	April 27, 2011
Report for the first six months 2011	July 22, 2011
Report for the first nine months 2011	October 21, 2011

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