



AB Volvo

Press release

Volvo Group ordered by US Court to pay penalties in engine emission case

The U.S. Court of Appeals for the District of Columbia Circuit has ruled that the Volvo Group should pay penalties and interest of approximately SEK 508 million following a dispute between the Volvo Group and the U.S. Environmental Protection Agency (EPA) regarding emission compliance of diesel engines. The Court of Appeals affirmed a District Court's ruling that model year 2005 Volvo Penta engines violated the provisions of a Consent Decree. This is expected to have a negative impact on the Group's operating income of approximately SEK 440 million in the third quarter of 2014 in the segment Group functions and other.

The Volvo Group had previously accounted for approximately SEK 68 million as a provision and approximately SEK 422 million as a contingent liability.

In 2012 the District Court issued a judgment ordering the Volvo Group to pay penalties and interest for engines which Volvo claims were not part of the decree. Volvo filed an appeal on several grounds. The Court of Appeals' ruling was rendered on July 18, 2014. Volvo will now review the ruling in detail, and consider whether to appeal or not.

July 19, 2014

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The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 110,000 people, has production facilities in 18 countries and sells its products in more than 190 markets. In 2013 the Volvo Group's sales amounted to about SEK 270 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on NasdaqOMX Stockholm. For more information, please visit www.volvogroup.com or www.volvogroup.mobi if you are using your mobile phone.

AB Volvo (publ) may be required to disclose the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 04.00 p.m July 19, 2014.