

(Free translation of original Swedish document)

**Minutes of the Annual General Meeting of the Shareholders of Aktiebolaget Volvo (publ) held on Tuesday, 12 April 2005**

The shareholders had been notified that the Annual General Meeting would be held at 4 p.m. on the above date at Eriksbergshallen in Göteborg through announcements published on March 7 2005 in i.a. Göteborgs-Posten, Dagens Nyheter, Sydsvenska Dagbladet and Post- och Inrikes Tidningar.

§ 1. The meeting was opened by the Chairman of the Board, Mr. Finn Johnsson.

§ 2. Mr Claes Beyer, member of the Swedish Bar Association, was appointed Chairman of the meeting. The undersigned, Eva Persson, was requested to act as Secretary and Keeper of the Minutes.

The Chairman declared that the minutes, with regard taken to the rules of the Code, will be made public on the homepage of the company, that demands, reservations and other remarks from the shareholders may be recorded in the minutes with mentioning of the name of the shareholder making the remark and that this procedure constitutes treatment of personal information according to PUL, and that the company by giving this information considers that it has received the necessary consent to treatment of personal information, unless concerned shareholders explicitly express that such consent is not granted. The Chairman repeated this clarification also when the meeting was opened for remarks under item 8 below.

§ 3. A list was submitted showing the names of the shareholders who had given notice of their intention to participate in the Meeting, and containing information on the number of shares for which each such shareholder held voting rights. This list was approved as the electoral list at the Meeting, after adjustments to take into account such shareholders as were not present (Appendix A.)

It was noted that the following were present at the Meeting: Board members Finn Johnsson, Per-Olof Eriksson, Patrick Faure, Haruko Fukuda, Tom Hedelius, Martin Linder, Olle Ludvigsson, Johnny Rönnkvist, Louis Schweitzer, Ken Whipple and Leif Johansson, Deputy members Stellan Rosengren and Berth Thulin. In addition the Auditors Olof Herolf and Olle Karlsson were present, representing PricewaterhouseCoopers AB, the auditing company of the company.

§ 4. The Agenda was approved without amendments (Appendix B.)

§ 5. M Johan Widerberg and Björn Lind were appointed to check the Minutes together with the Chairman. Authorized Public Accountants Olof Herolf, Olle Karlsson, Olf Enerbäck and Anders Magnussen were appointed to count any votes that might be taken.

§ 6. The question of whether the Meeting had been duly convened was taken up. Those present declared that notice of the Meeting had been given in due time and in the proper manner.

§ 7. A presentation of the work of the Board and of the Committees of the Board was given by the Chairman of the Board, Finn Johnsson.

§ 8. The Report of the Board of Directors and the President and the Auditors' Report for the 2004 fiscal year were presented. In connection therewith, Group Chief Executive Officer Leif Johansson reported on the Group's operations and the Authorized Public Accountant Olof Herolf reported on the auditing work.

During the ensuing discussion, comments were made by shareholders present at the Meeting, which were answered by the Group Chief Executive Officer Leif Johansson and the Chairman of the Board Finn Johnsson.

§ 9. The Annual General Meeting resolved to adopt the Statement of Income and the Balance sheet and the Consolidated Statement of Income and the Consolidated Balance Sheet.

§ 10. The question of the disposition of the unappropriated earnings at the disposal of the Annual General Meeting was taken up. The Board and the President had presented a proposal, supported by the Auditors, in accordance with which available unappropriated earnings amounting to SEK 43,777,678,977:89 were to be allocated as follows:

To the shareholders, a dividend of SEK 12:50 per share	5,054,998,025:00 kr
Retained earnings to be carried forward	<u>38,722,680,952:89 kr</u> 43,777,678,977:89 kr

The Chairman of the Board, Finn Johnsson, gave an account of the background to the proposal regarding dividend as above made by the Board and the President.

Olof Jisland, as a delegate for shareholders and votes as per Appendix C, declared that the shareholders named in Item 10 in Appendix C opposed the proposal and that his principals also regarding the following items on the agenda intended to oppose the given proposals. Jisland proposed that he, in order to facilitate the execution of the general meeting, would be permitted to deliver a list to the chairman (Appendix C) with information on how his principals wished to vote in the following items on the agenda and that the information in the appendix would be taken into account and be noted when the following items on the agenda were treated.

The general meeting, when put the question by the Chairman whether the meeting accepted the procedure proposed by Jisland, accepted the proposal.

The Annual General Meeting then decided to accept the proposal of the Board and the President regarding dividend and that the record date for determining entitlement to receive dividend should be 15 April 2005.

§ 11. The Board of Directors, including Neelie Kroes, and the President were discharged from liability for their administration of the Company in 2004.

It was noted that the Board Members and Deputy Members present at the Meeting did not participate in this decision. It was further noted that the shareholders named in item 11 in Appendix C opposed the decision.

§ 12. The agenda item regarding determination of the number of members and deputy members of the Board of Directors to be elected at the Meeting was brought up.

Lars Idermark, representing the nomination committee elected at the Annual General Meeting 2004, also a delegate for Andra AP-fonden, representing 6,602,945 A shares and 1,461,090 B-shares, gave an account for the work of the nomination committee and proposed that the Board – apart from Members otherwise specially appointed – should consist of eight ordinary Members and that no Deputy Members should be elected.

The motion was adopted by the Annual General Meeting. It was noted that the shareholders named in item 12 in Appendix C opposed the decision.

§ 13. The agenda item regarding determination of the remuneration to be paid to the Board of Directors was brought up.

Lars Idermark proposed that the Board of Directors to serve for the period up to the end of the next ordinary general meeting, should be entitled to a fixed fee of SEK 4,775,000 for that period, to be allocated among the members as follows. The Chairman of the Board was to be awarded SEK 1,350,000 and the remaining members a total of SEK 2,700,000. Further, the chairman of the audit committee was to be awarded SEK 250,000 and the remaining two members of the audit committee were to be awarded SEK 125,000 each and the members of the remuneration committee were to be awarded SEK 75,000 each.

Lars-Erik Tegelskär, representing 136 A-shares, proposed that the board members were to be awarded unchanged fees.

The Annual General Meeting decided to accept the proposal of the Nomination Committee. It was noted that the shareholders named in item 13 in Appendix C opposed the decision.

§ 14. The agenda item regarding election of the Board of Directors and election of Chairman of the Board of Directors was brought up.

Lars Idermark proposed that the Meeting should re-elect the present ordinary Board Members and elect Finn Johnsson as Chairman.

The General Meeting, when put the question by the Chairman whether the Meeting considered that the members of the board had been satisfactorily presented by the appendix which was attached to the agenda, decided that this was the case.

The Meeting then elected the following persons to serve for the period up to the end of the next Annual General Meeting

as Board Members

Per-Olof Eriksson,  
Patrick Faure,  
Haruko Fukuda,  
Tom Hedelius,  
Finn Johnsson, also Chairman of the Board,  
Louis Schweitzer,  
Ken Whipple,  
Leif Johansson.

It was noted that the shareholders named in item 14 in Appendix C opposed the decision.

Furthermore, it was noted that the employee organizations had appointed Martin Linder, Olle Ludvigsson and Johnny Rönkvist as Board Members and Stellan Rosengren and Berth Thulin as Deputy Members.

§ 15. The agenda item regarding adoption of revised instructions for the Nomination Committee (Election Committee) and election of members to the Election Committee was brought up.

Lars Idermark proposed that the General Meeting should resolve to adopt the instruction for the Election Committee which was attached as appendix 2 to the agenda,

Lars-Erik Forsgårdh, delegate for shareholders named in the list of participants to the General Meeting (Appendix D), representing 1,192 A shares and 114,264 B-shares, proposed that the Meeting resolves to adopt the instruction for the Election Committee which was attached as appendix 2 to the agenda, but with the amended wording that it should state that one more member, representing shareholders with minor shareholdings, would be part of the Election Committee.

After the two proposals had been opposed to each other for choice, and the chairman of the Meeting had concluded that the proposal of the Nomination Committee had been accepted, counting of votes was demanded.

Having acquired the Meeting's acceptance of the procedure, the Meeting resolved, after it had been established by recital that shareholders representing more than 50% of the shares represented at the Meeting, voted in favour of the proposal of the Nomination Committee, with acceptance of said proposal, to adopt the instruction for the Election Committee which was attached as appendix 2 to the agenda. It was noted that the shareholders named in Appendix E and those named in item 15 in Appendix C opposed the decision and that the shareholders in Appendix E voted in favour of Mr Forsgårdh's proposal.

Lars Idermark then proposed that the Meeting should appoint as members of the Election Committee, for the period up to the next Annual General Meeting, Finn Johnsson, Chairman of the Board, Lars Idermark, representing Andra AP-fonden, Marianne Nilsson, representing Robur fonder, Curt Källströmer, representing Svenska Handelsbanken and Thierry Moulouguet, representing Renault s.a.s., and that the

Meeting should resolve that no fees should be paid to the members of the Election Committee.

The General Meeting accepted the proposal of the Nomination Committee.

It was noted that the shareholders named in item 16 in Appendix C opposed the decision.

§ 16. Proposals from a separate shareholder were brought up for consideration:  
A. change of the articles of association, implying transition to one class of shares, ordinary shares, alternatively, provided proposal A. is not accepted,  
B. change of the articles of association so that holders of shares of Series A are permitted to convert shares of Series A into shares of Series B and in a way that the number of shares of different classes that can be issued is changed.

Krister Hansen, accompanying assistant to the delegate for CQS Convertible and Quantitative Strategies Master Fund Limited, representing 1 Series A share, presented the CQS proposal as per items 16.A. and B. on the agenda and explained the background to the proposal.

Having acquired the Meeting's acceptance of the procedure, the Meeting resolved, after establishing that holders of Series A shares representing more than 10 % of Series A shares represented at the Meeting opposed the proposal, to reject the proposal of CQS under item 16.A. on the agenda.

Having acquired the Meeting's acceptance of the procedure, the Meeting then resolved, after establishing that holders of votes representing more than one third of votes represented at the Meeting opposed the proposal, to reject also the proposal of CQS under item 16.B. on the agenda.

It was noted that the shareholders named in item 16 in Appendix C opposed the decision.

§ 17. The agenda item regarding the Board of Directors' proposal to authorize the Board to decide on the purchase and transfer of own shares was brought up. In relation hereto Finn Johnsson gave a summarizing account for the Company's repurchase of own shares on previous occasions and the aim of the present proposal, and an account for the proposal under item 18 on the agenda.

It was noted that the documents required in accordance with the Companies Act had been available for the Meeting.

Lars-Erik Forsgårdh demanded rejection of the proposal

Having acquired the Meeting's acceptance of the procedure, the Meeting resolved, after it had been established by recital that shareholders representing more than two thirds of the votes cast at the Meeting and of shares represented at the Meeting, with acceptance of the proposal of the Board, to authorize the Board to decide on the purchase and transfer of own shares , for the period up to the next Annual General

Meeting, on conditions as per items A and B in appendix 3 to the agenda. It was noted that the shareholders named in item 17 in Appendix C opposed the decision.

§ 18 The Board's proposals for resolutions on the following was brought up for consideration

- A. a reduction of the share capital,
- B. an amendment of the Articles of Association,
- C. a new issue of Series C shares,
- D. a reduction of the share capital through redemption of Series C shares and transfer to the statutory reserve, and
- E. authorizing the President to make necessary minor adjustments to the resolutions in Points A.-D. above.

It was noted that the documents required in accordance with the Companies Act had been available for the Meeting.

The Meeting resolved to first consider the Board's proposal for reduction of the share capital in accordance with item A in appendix 4 to the agenda and thereafter consider, as one item, items B-E in appendix 4 to the agenda.

Having acquired the Meeting's acceptance of the procedure, the Meeting resolved, after it had been established by recital that shareholders representing more than two thirds of the votes cast at the Meeting and of shares represented at the Meeting voted for the proposal, in accordance with item A. in appendix 4 to the agenda.

Having acquired the Meeting's acceptance of the procedure, the Meeting then resolved, after it had been established by recital that shareholders representing more than two thirds of the votes cast at the Meeting and of shares represented at the Meeting voted for the proposal, in accordance with the Board's proposal under items B.-E. in appendix 4 to the agenda. It should be specially noted that the decision of the Meeting regarded change of the articles of association according to appendix C to item 18.B. in the agenda.

It was noted that the shareholders named in item 18 in Appendix C opposed the decisions under this item.

§ 19. The Board of Directors' proposal for a new share based incentive program for senior executives in the Volvo Group of companies and the transfer of repurchased shares in the company to the participants in the program was brought up for consideration. In relation hereto the Chairman of the Board, Finn Johnsson gave a summarizing presentation of the purpose of the proposal

It was noted that the documents required in accordance with the Companies Act had been available for the Meeting.

The Meeting resolved to consider the two parts of the proposal separately.

Thereupon the Meeting accepted the proposal of the Board in accordance with item A in Appendix 5 to the agenda. It was noted that the shareholders named in item 19 A in Appendix C opposed the decisions under this item.

Having acquired the Meeting's acceptance of the procedure, the Meeting then resolved, after it had been established by recital that shareholders representing more than nine tenths of the votes cast at the Meeting and of shares represented at the Meeting voted for the proposal, in accordance with the Board's proposal under items 19.B. in appendix 5 to the agenda. It was noted that the shareholders named in item 19 B in Appendix C opposed the decision under this item.

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The General Meeting was closed.

As above  
/Eva Persson/  
Eva Persson

Minutes approved

Claes Beyer  
/Claes Beyer/

M Johan Widerberg  
/M Johan Widerberg/

Björn Lind  
/Björn Lind/

**AGENDA FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN AB  
VOLVO ON TUESDAY, APRIL 12, 2005**

1. Opening of the Meeting (Board Chairman, Finn Johnsson).
2. Election of Chairman of the Meeting.

**Proposal by the Nomination Committee:**

Mr. Claes Beyer, lawyer

3. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
4. Approval of the agenda.
5. Election of minutes-checkers and vote controllers.

**Proposal:**

Minutes-checkers: M Johan Widerberg  
Björn Lind

Vote controllers: Auth. Public Acct. Olof Herolf  
Auth. Public Acct. Olov Karlsson  
Auth. Public Acct. Olof Enerbäck  
Auth. Public Acct. Anders Magnussen

6. Determination of whether the Meeting has been duly convened.

Notification was published on March 7, 2005 in Göteborgs-Posten, Dagens Nyheter, Sydsvenska Dagbladet and Post- och Inrikes Tidningar, among other dailies.

7. Presentation of the work of the Board and the Board committees.
8. Presentation of the annual report and the auditors' report as well as the consolidated accounts and the auditors' report on the consolidated accounts. In connection therewith, the President's account of the operations.
9. Adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet.
10. The disposition to be made of the Company's profits.

**Proposal:**

The President and the Board of Directors propose that the profits available to the Meeting be disposed of as follows:



To the shareholders, a dividend of SEK 12.50 per share	5,054,998,025:00
To be carried forward	<u>38,722,680,952:89</u> 43,777,678,977:89

It is proposed that the record date for determining who is entitled to receive cash dividends shall be April 15, 2005.

11. The discharge of the members of the Board of Directors and of the President from liability.
12. Determination of the number of members and deputy members of the Board of Directors to be elected by the Meeting.

**Proposal by the Nomination Committee:**  
Eight members and no deputy members.

13. Determination of the remuneration to be paid to the Board of Directors.

**Proposal by the Nomination Committee:**  
To the Board for the period until the close of the next Annual General Meeting: A fixed fee of SEK 4,775,000 to be distributed among the members as follows. The Chairman of the Board is awarded SEK 1,350,000 and the other members a total of SEK 2,700,000. Further, the Chairman of the Audit Committee is awarded SEK 250,000 and the other members of the Audit Committee SEK 125,000 each and the members of the Remuneration Committee SEK 75,000 each.

14. Election of the Board of Directors for the period until the next Annual General Meeting has been held.

**Proposal by the Nomination Committee, members:**

Re-election of	Per-Olof Eriksson
“ -	Patrick Faure
“ -	Haruko Fukuda
“ -	Tom Hedelius
“ -	Leif Johansson
“ -	Finn Johnsson
“ -	Louis Schweitzer
“ -	Ken Whipple

The Nomination Committee further proposes that Finn Johnsson be elected as Chairman.

The proposed persons have the assignments as shown in [Appendix 1](#).

The employee organizations have through separate elections designated the following

Members:

Martin Linder (organization of salaried employees, PTK)  
Olle Ludvigsson (plant trade union organizations, LO)  
Johnny Rönkvist (plant trade union organizations, LO)

Deputy members:

Stellan Rosengren (organization of salaried employees, PTK)  
Berth Thulin (plant trade union organizations, LO)

15. Adoption of revised instructions for the Nomination Committee (Election Committee) and election of members of the Election Committee

**Proposal by the Nomination Committee:**

The proposed new instructions for the Election Committee is attached hereto as Appendix 2.

The Nomination Committee proposes that the Chairman of the Board, Finn Johnsson, Lars Idermark, representing the Second Swedish National Pension Fund, Marianne Nilsson, representing Robur funds, Curt Källströmer, representing Svenska Handelsbanken, and Thierry Moulonguet, representing Renault s.a.s. are elected members of the Election Committee and that no fees shall be paid to the members of the Election Committee.

16. Private shareholder's proposal for a decision
- A. to amend the Articles of Association to the effect that all shares shall be ordinary shares and, as an alternative if proposal A. is not approved,
  - B. to amend the Articles of Association to permit owners of Series A shares to voluntarily convert Series A shares to Series B shares and regarding the number of shares of different classes that may be issued

**Proposal by CQS Convertible and Quantitative Strategies Master Fund Limited:**

A. CQS Convertible and Quantitative Strategies Master Fund Limited ("CQS") proposes that the General Meeting resolves that all shares shall be ordinary shares and that this is obtained by way of an amendment of the Articles of Association so that only ordinary shares may be issued. CQS accordingly proposes that the Articles of Association are amended in accordance with the following:

§ 4 second paragraph is amended so that it reads "Shares may be issued in one class, ordinary shares".

§ 4 third paragraph is amended so that it reads "An ordinary share carries one vote".

§ 4 fourth, fifth, sixth and seventh paragraphs are deleted.

B. CQS proposes, provided that the proposal under A. is not approved, that the General Meeting resolves to amend the Articles of Association to the effect that holders of Series A shares may convert Series A shares into Series B shares on a one-for-one basis. CQS proposes that the following clause is added to the Articles of Association.

Series A shares may be converted into Series B shares in accordance with the following. A holder of a Series A share has, upon request, the right to

request that such Series A share be converted into a Series B share. Such request shall be made in writing to the Company's Board of Directors. The request must state how many Series A shares the shareholder wishes to convert. The Board of Directors shall ensure that the conversion is registered without delay from the date of such a request.

In addition, CQS proposes that § 4 second paragraph in the Articles of Association is changed as follows.

Shares may be issued in two classes, Series A and Series B. Each Series may be issued in an amount equal to the entire share capital.

17. The Board of Directors' proposal to authorize the Board to decide on the purchase and transfer of own shares.

The proposal is attached hereto as Appendix 3.

18. The Board's proposals for resolutions on:
  - A. a reduction of the share capital,
  - B. an amendment of the Articles of Association,
  - C. a new issue of Series C shares,
  - D. a reduction of the share capital through redemption of Series C shares and transfer to the statutory reserve, and
  - E. authorizing the President to make necessary minor adjustments to the resolutions in Points A.–D. above.

The proposal is attached hereto as Appendix 4.

19. The Board of Directors' proposal for a decision on
  - A. a new share-based incentive program for senior executives, and
  - B. the transfer of repurchased shares in the Company to the participants in the program

The proposal is attached hereto as Appendix 5.

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## Appendix 1

Finn Johnsson (*member of Volvo Board since 1998, chairman since February 2004*)

President of Mölnlycke Health Care AB. Board Chairman: Thomas Concrete Group AB, Unomedical A/S and KappAhl. Board member: Skanska AB and AB Industrivärden.

Per-Olof Eriksson (*member of Volvo Board since 1994*)

Board Chairman: Consolis Oy, Callnäs Trä AB and Odlander, Fredriksson & Co. Board member: Investment AB Öresund, SSAB Svenskt Stål AB, Assa Abloy, Senea AB and Elkem ASA. Member of the Royal Swedish Academy of Engineering Sciences.

Patrick Faure (*member of Volvo Board since 2001*)

Chairman and Chief Executive Officer of Renault F1 Team. Board member : VINCI and ERTICO.

Haruko Fukuda (*member of Volvo Board since 2003*)

Board member: The Foreign & Colonial Investment Trust plc, Investec plc, Aberdeen Asian Smaller Companies Investment Trust plc, Business Advisory Council of the United Nations Office for Project Service (UNOPS). Senior Advisor at Lazard. Advisor at METRO AG. Honorary Fellow of New Hall Cambridge, Chairman of the Advisory Board of New Hall Cambridge, Honorary Vice President of the Japan Society, Trustee of Mitsubishi Trust Oxford Foundation, Freeman of the City of London.

Tom Hedelius (*member of Volvo Board since 1994*)

Board Chairman: AB Industrivärden, Bergman & Beving AB and Sandrews. Honorary Chairman: Svenska Handelsbanken. Vice Chairman: Addtech AB and Lagercrantz Group AB. Board member: Svenska Cellulosa Aktiebolaget SCA and Lundbergs AB.

Leif Johansson (*member of Volvo Board since 1997*)

Board member: Bristol-Myers Squibb Company, Confederation of Swedish Enterprise and The Association of Swedish Engineering Industries. Member of the Royal Swedish Academy of Engineering Sciences.

Louis Schweitzer (*member of Volvo Board since 2001*)

Chairman and CEO of Renault. Board Chairman: Renault Nissan B.V. and AstraZeneca plc. Board member: R.C.I. Banque, Philips, Electricité de France, BNP-Paribas and VEOLIA.

Ken Whipple (*member of Volvo Board since 2001*)

Board Chairman of CMS Energy Corporation and Consumers Energy. Board Member: 14 JP Morgan Fleming Mutual Funds and Korn-Ferry International AB.

## **Appendix 2**

### INSTRUCTIONS FOR THE AB VOLVO ("THE COMPANY") ELECTION COMMITTEE, PROPOSED TO BE ADOPTED AT THE ANNUAL GENERAL MEETING TO BE HELD ON APRIL 12, 2005

#### **1. Appointment of the Election Committee**

- 1.1 The Election Committee shall comprise five members. The members are appointed directly at the general meeting. Four of the members are to represent the four largest shareholders in terms of voting right ("Owner Representatives") and one of the members is to be the Chairman of the Board of Directors.
- 1.2 If changes in ownership in the Company occurs leading to that any of the Owner Representatives no longer represents any of the four largest shareholders in terms of voting rights, a new Owner Representative is to be appointed. The Chairman of the Board of Directors is authorised to make such appointment so that the new Owner Representative fulfils the requirements of 1.1.
- 1.3 If an Owner Representative for any other reason leaves the Election Committee before its work has been completed the Chairman of the Board of Directors shall appoint a new Owner Representative representing the owner whose Owner Representative has left.
- 1.4 If the general meeting has not decided otherwise, the members of the Election Committee shall elect a chairman from within its number. In the event of a tied vote, selection shall be made through the drawing of lots. A member of the board of the Company shall not be appointed as chairman of the Election Committee.

#### **2. Duties**

The Election Committee shall have the following duties.

## **2.1 Board**

- 2.1.1 The Election Committee shall make proposals regarding the chairman and other members of the board as well as the board fee, divided between the chairman and other members, and any reimbursement for committee work.
- 2.1.2 The proposal of the Election Committee shall be presented to the Company well in advance in order for the proposal to be presented in the summons to the general meeting and at the same time be presented on the Company's website.
- 2.1.3 The Election Committee shall at the same time information is presented to the Company according to 2.1.2 also furnish the requisite information regarding the proposed board members in order for the Company to present the following information on the Company's website:
- age, main education and work experience,
  - assignments in the Company and other assignments of importance,
  - shares and other financial instruments in the Company held by the person in question as well as related physical or legal entities,
  - if, according to the Election Committee, the member is deemed to be independent of the Company, the Company management and major shareholders in the Company,
  - in conjunction with re-election, the year in which the member was elected to the board, and
  - other information that could be of importance to the shareholders in making an assessment of the proposed member's expertise and independence.
- 2.1.4 The Election Committee shall at the same time information is furnished to the Company according to 2.1.2 also provide an account of how the Election Committee has performed its work so that a report can be presented on the Company's website.
- 2.1.5 The Election Committee shall make a presentation at the general meeting and give reasons for its proposals, whereupon a specific reason shall be given if no renewal of the board is proposed. The Election Committee shall also provide an account of how its work has been performed.

## **2.2 Auditor**

- 2.2.1 In the years in which an auditor for the Company is to be elected the Election Committee shall present a proposal for election of and payment to the auditor. The Election Committee shall then use as a term of reference the preparation of the election made within the audit committee of the Company.
- 2.2.2 The Company shall be notified of the Election Committee's proposal well in advance so that the proposal can be presented in the summons to the general meeting and at the same time be presented on the Company's website.
- 2.2.3 The Election Committee shall, at the same time information is furnished to the Company according to 2.2.2, also furnish the information necessary to allow the Company to provide information about circumstances that could be of significance to shareholders in making an assessment of the expertise and independence of the auditor proposed on the Company's website.
- 2.2.4 The Election Committee shall at the same time information is furnished to the Company according to 2.2.2 also provide an account of how the Election Committee has performed its work so that this account can be presented on the Company's website.
- 2.2.5 The Election Committee shall present and give reasons for its proposals at the general meeting and provide an account of how the Election Committee's work has been performed.

## **2.3 Chairman for the meeting**

- 2.3.1 The Election Committee shall present a proposal for a chairman for the annual general meeting.
- 2.3.2 The Election Committee's proposal shall be presented to the Company well in advance so that the proposal can be presented in the summons to the meeting.

## **3. Meetings**

- 3.1 The Election Committee shall meet as often as necessary for the Election Committee to perform its duties. A summons to a meeting is sent out by the chairman of the



Election Committee. If a member requests that the Election Committee be convened, this request shall be complied with.

- 3.2 The Election Committee shall form a quorum if more than half of the members are present. No decisions may be reached, however, unless all members, if possible, have had the opportunity to be involved in dealing with the matter.
- 3.3 A decision by the Election Committee applies when more than half of the members present vote for or, in the event of a tied vote, the opinion supported by the chairman.
- 3.4 At the Election Committee meetings minutes should be taken which are signed and verified by the chairman and the member appointed by the Election Committee. The minutes shall be taken and filed in the manner applicable to board minutes.

#### 4. **Confidentiality**

- 4.1 A member of the Election Committee is subject to a confidentiality obligation concerning the Company's business and this obligation shall, at the Company's request, be confirmed by the member through the signing of a special non-disclosure agreement between the member and the Company.

#### 5. **Fee and cost reimbursement**

- 5.1 A fee can be payable to the members of the Election Committee following a decision thereon at the general meeting.
- 5.2 The members of the Election Committee are entitled to payment from the Company for reasonable, confirmed costs incurred in the discharge of the assignment as well as, for example, costs for recruitment services.
- 5.3 The Election Committee shall, in conjunction with the presentation of the report on its work at the annual general meeting, report payments under this point.

6. **Amendments to instruction**

- 6.1 The Election Committee shall evaluate these instructions and the work of the Election Committee on an ongoing basis and present a proposal at the general meeting for changes to these instructions which the Election Committee has deemed appropriate.

### **Appendix 3**

**The Board of Directors' of AB Volvo proposal to the Annual General Meeting 2005 concerning the acquisition and transfer of the company's own shares**

- A.** In order to permit adjustment of the company's capital structure to comply with the company's capital requirements on an ongoing basis, and thereby to contribute to increased shareholder value, and also to permit the transfer of shares in connection with the financing of possible acquisitions of companies, the Board proposes that the Annual General Meeting resolves to authorise the Board to acquire, prior to the next Annual General Meeting, the company's own shares on the following terms.
1. Acquisition may be made of Series A and/or Series B shares to the extent that the company holds not more than 10% of the total number of shares in the company after each acquisition.
  2. The shares may be acquired via trading on a stock exchange, authorized marketplace or some other regulated market in the European Economic Area ("EEA") which lists the company's shares, and also, following permission by Finansinspektionen (the Swedish Financial Supervisory Authority) on a stock exchange or other regulated market outside the EEA which lists the company's shares.
  3. The acquisition of shares via trading on a stock exchange or other regulated market may take place at a price per share in the quoted share price range at any given time or – where appropriate – at some other corresponding price level for the relevant share on the stock exchange or regulated market concerned.
  4. Payment for the shares is to be made in cash.
  5. Shares may be acquired on one or more occasions.
  6. The Board is to be entitled to determine other terms for acquisition.
- B.** In addition, the Board proposes that, the Annual General Meeting resolves to authorise the Board to transfer, prior to the next Annual General Meeting, the company's own shares on the following terms.
1. All the company's own Series A and/or Series B shares held by the company on the date of the Board's decision may be transferred.
  2. In order to finance the acquisition of companies, the transfer of shares may take the form of an offer directed to all shareholders.
  3. Payment for shares that are transferred shall be made in cash.
  5. Shares may be transferred on one or more occasions.
  6. The Board is entitled to determine other terms for the transfer.

If a decision by the Annual General Meeting regarding the Board's two proposals under Items A and B is to be valid, the decision must be supported by at least two-thirds of the shareholders, both in terms of the number of votes cast and the shares represented at the General Meeting.

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Due to the proposal made by CQS Convertible and Quantitative Strategies Master Fund Limited ("CQS") under Point 16 A. in the notice to the Annual General meeting 2005, the Board of AB Volvo has decided that the proposal above shall concern ordinary shares, provided that the Annual General Meeting approves CQS' proposal.

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#### Appendix 4

The Board of Directors' of AB Volvo proposal to the Annual General Meeting 2005 for resolutions on (A.) a reduction of the share capital, (B.) an amendment of the Articles of Association, (C.) a new issue of shares of Series C, (D.) a reduction of the share capital through redemption of shares of Series C and allocation to the statutory reserve and (E.) authorizing the President to make necessary minor adjustments to the resolutions in points A.-D.

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#### Background

**AB Volvo ("the Company") has, following authorizations by the Annual General Meetings of Shareholders ("AGM") in previous years, acquired own shares of Series A and B. At present the Company owns 7,230,246 shares of Series A and 29,890,797 shares of Series B, corresponding to approximately 8,4 percent of the total number of shares in the Company, which is 441,520,885. The Company may not own more than one tenth of all shares in the Company.**

**To enable further acquisitions of own shares, in accordance with the Board of Directors' proposal for decision on this years' AGM to acquire and transfer the Company's own shares, the share capital must be reduced through a withdrawal of some of the shares in the Company that the Company holds. However, considering i.a. that a certain amount of treasury shares are required for securing undertakings under incentive programs, the Board considers it advisable to withdraw only such an amount of the Company's own shares that the Company after the withdrawal holds 5 percent of the total amount of registered shares.**

Reduction of a company's share capital normally requires court authorization and such court procedure is time consuming and involves the summoning of the company's creditors. However, court authorization is not required if the company, through a new issue of shares, simultaneously receives an amount which is not less than the reduction amount.

**In order to be able to reduce the share capital as swiftly as possible, the Board of Directors proposes a simultaneous new issue of redeemable Series C shares. These shares should be issued at nominal value and they will thereafter be redeemed by the Company at the same value plus agreed interest as soon as the Series C shares have been registered. The redemption of the Series C shares can be made without court authorization provided an allocation is made to the statutory reserve of an amount equivalent to the reduction amount. The proposed new issue of redeemable Series C shares requires an amendment of the Articles of Association.**

**A shareholder has proposed to this year's AGM to amend the Articles of Association to the effect that all shares shall be ordinary shares (Shareholder proposal 1), or, if a decision is not made in accordance with this proposal, to amend the articles of association to include a right for a holder of shares of Series A to convert a share of Series A into a share of Series B and that the Articles of Association are also amended with respect to the number of shares that could be issued of Series A and Series B respectively (Shareholder proposal 2).**

**The Board of Directors proposes that the AGM resolves in accordance with the following.**

**A. Reduction of the share capital**

**The Board of Directors proposes that the AGM decides on a reduction of the Company's share capital by SEK 95,021,046 (the reduction amount) by way of withdrawal, without repayment, of 3,084,619 shares of Series A and 12,752,222 shares of Series B, which the Company has repurchased. If the AGM resolves in accordance with Shareholder proposal 1, withdrawal, without repayment, shall be made of 15,836,841 ordinary shares. The purpose of the reduction is that the reduction amount shall be transferred to a reserve to be utilized as decided by a General Meeting of Shareholders.**

**B. Amendment of the Articles of Association**

**The Board of Directors proposes that the wording of the Articles of Association is changed in order for a new class of shares, Series C, to be introduced, whereby not more than 15,836,841 shares of Series C may be issued. A share of Series C entitles to one tenth of a vote, does not carry rights to dividends and is redeemable by initiative of an owner of shares of Series C, the Board of Directors of the Company or a General Meeting of Shareholders. When redemption is made the**

redemption amount shall total the nominal value adjusted upwards as of the redemption date with an interest rate corresponding to STIBOR 30 days plus 1.75 basis points. Considering the foregoing the Board of Directors proposes, provided that the AGM has resolved in accordance with Shareholder proposal 1, that § 4 of the Articles of Association shall be worded as set out in Enclosure A. If the AGM resolves in accordance with Shareholder proposal 2, the Board of Directors proposes that § 4 of the Articles of Association shall be worded as set out in Enclosure B. If the AGM has not resolved in accordance with Shareholder proposal 1 nor in accordance with Shareholder proposal 2, the Board of Directors proposes that § 4 of the Articles of Association shall be worded as set out in Enclosure C.

**C. New issue of shares of Series C**

The Board of Directors proposes that the AGM decides to increase the Company's share capital by SEK 95,021,046 by way of a new issue of 15,836,841 shares of Series C, each at a nominal value of SEK 6, and on the following terms and conditions.

1. Carnegie Investment Bank AB shall have the right to subscribe for the new shares with deviation from the shareholders' preferential rights.
2. Subscription for the new shares shall be made on a subscription list not later than May 6, 2005.
3. A price of SEK 6 per share shall be paid in cash for the shares subscribed for in connection with the subscription of the shares, not later than May 6, 2005.
4. Over-subscription may not take place.
5. The new shares shall not entitle to dividends.

As concerns the reason for deviating from the shareholders' preferential rights and the basis for establishment of the issue price, the following is stated. The resolution to withdraw shares of Series A and of Series B may be executed without the time restraint of obtaining court authorization, if at the same time, an amount equal to the reduction amount is contributed to the Company by way of a new issue of shares. Carnegie Investment Bank AB has undertaken to subscribe for, and redeem, the shares in accordance with Section D. below. The issue price has been determined in agreement with Carnegie Investment Bank AB.

It is noted, that the new shares are subject to the Articles of Association's reservation to reduce the share capital in accordance with Chapter 6, Section 8, the Swedish Companies Act.

The resolution on a new issue of shares shall be subject to the AGM's resolution on the amendment of the Articles of Association in accordance with Section B. above and the registration of the resolution, as well as the reduction of the share capital and transfer to the statutory reserve in accordance with Section D. below.

- D. Reduction of the share capital through redemption of shares of Series C and allocation to the statutory reserve

The Board of Directors proposes that the AGM resolves on a reduction of the Company's share capital by SEK 95,021,046 (the reduction amount) through redemption of all 15,836,841 shares of Series C, and that an amount corresponding to the reduction amount be allocated to the statutory reserve. The purpose of the reduction is repayment to the shareholders. Redemption shall be made immediately after the new shares of Series C, issued in accordance with Section B. above, have been registered.

A redemption price shall be paid in the amount of SEK 95,021,046 adjusted with an interest rate corresponding to STIBOR 30 days plus 1.75 basis points, calculated from the day of payment of the subscription price for the shares of Series C. Payment of the redemption price shall be made from non-restricted equity.

The redemption price shall be paid on May 13, 2005, assuming that the decision has been registered by the Companies Registration Office by then, otherwise as soon as possible after registration.

The resolution on reduction of the share capital and transfer to the statutory reserve shall be subject to the AGM's resolution to amend the Articles of Association in accordance with Section B. above and the registration thereof, as well as the new issue of shares in accordance with Section C. above.

- E. Authority for the President to make necessary minor adjustments to the resolutions in points A.-D. above.

The Board of Directors also proposes that the A G M decides to authorize the President to make such minor adjustments to the resolutions in Sections A. – D. above which may be required in connection with registration of the resolutions with the Companies Registration Office.

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In order for the resolutions by the AGM in accordance with the Board of Director's proposal in Sections A. – C. above to be valid, the resolutions must be accepted by shareholders holding not less than two thirds of the shares and the voting rights represented at the AGM.

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Enclosure A (to  
Appendix 4)

*Suggested changes in bold italics*



## § 4 OF THE ARTICLES OF ASSOCIATION OF AB VOLVO

§4 The Company's share capital shall comprise a minimum of one thousand nine hundred million (1,900,000,000) kronor and a maximum of seven thousand six hundred million (7,600,000,000) kronor.

The shares may be issued in **two series, ordinary shares and shares of series C**. **Ordinary** shares may be issued to an amount equivalent to **the total share capital**. **However, series C shares may only be issued in a maximum number of 15,836,841.**

In a vote at a General Meeting, **ordinary shares carry one vote and shares of series C carry one tenth of a vote. Series C shares do not carry rights to dividends.**

Should the Company decide to issue new **ordinary shares and shares of series C** by way of a cash issue, the holders of **ordinary shares and shares of series C** shall have a preferential right to subscribe for new shares of the same series in proportion to their existing shareholding (primary preferential right). Shares not subscribed for by virtue of a primary preferential right shall be offered for subscription to all shareholders (subsidiary preferential right). If shares thus offered are insufficient for subscription by virtue of a subsidiary preferential right, the shares shall be distributed among those wishing to subscribe in proportion to their previous shareholding or, to the extent this is not possible, through the drawing of lots.

Should the Company decide to issue **only ordinary shares or only shares of series C** through a cash issue, all shareholders, regardless of whether they hold **ordinary shares or shares of series C**, shall have the preferential right to subscribe for new shares in proportion to their previous shareholding.

The above shall not constitute any restriction on the possibility to decide on a cash issue without taking the preferential rights of shareholders into account.

If the share capital is increased through a bonus issue, new shares in each series shall be issued in proportion to the existing number of shares in each series. Old shares in a specific series shall thus carry entitlement to new shares in the same series. The aforesaid shall not constitute any restriction on the possibility to issue new shares of a new series through a bonus issue, following the requisite amendment to the Articles of Association.

**A reduction in share capital, however, not less than the minimum capital, may be effected on request by the holders of series C shares or, following a decision by the Board of Directors or General Meeting, through the redemption of series C shares. The request by shareholders must be made in writing to the Company's Board of Directors and the Board of Directors shall address this matter expeditiously. The reduction decision made by the Board shall pertain to all series C shares. When the reduction decision is made, an amount corresponding to the reduction amount shall be allocated to the statutory reserve, if the funds required for this action are available.**

**The redemption amount for a series C share shall be the share's par value adjusted to the redemption date with an interest factor of STIBOR 30 days plus 1.75 percentage points, calculated from the day payment was made of the subscription amount. STIBOR 30 days is fixed at the date the subscription amount was paid.**

**Owners of shares submitted for redemption shall be obligated to immediately after he/she has been informed of the registration of the redemption decision to accept the redemption payment for the shares or, in cases in which court**

*permission is required for redemption, after he/she is informed that the court's legally valid decision has been registered.*

Enclosure B  
(to Appendix 4)

*Suggested changes in bold italics*

## § 4 OF THE ARTICLES OF ASSOCIATION OF AB VOLVO

§4 The Company's share capital shall comprise a minimum of one thousand nine hundred million (1,900,000,000) kronor and a maximum of seven thousand six hundred million (7,600,000,000) kronor.

The shares may be issued in ***three series, A, B and C***. If shares in ***both the A and B series*** are issued, each series may be issued to an amount equivalent ***to the total share capital***. ***However, series C shares may only be issued in a maximum number of 15,836,841.***

***A Shares may be converted into B shares in accordance with the following. Any holder of an A share has, upon request, the right to require that such A share be converted into a B share. Such request shall be made in writing to the Company's board of directors. The request must state how many A shares the shareholder wishes to convert. The board of directors shall see to it that the conversion is registered promptly after such request.***

In a vote at a General Meeting, series A shares carry one vote and series B ***and C shares*** one-tenth of a vote. Series A and series B shares ***carry equal rights to share in the assets and earnings of the Company***. ***Series C shares do not carry rights to dividends.***

Should the Company decide to issue new series A , B ***and C*** shares by way of a cash issue, the holders of series A, B ***and C*** shares shall have a preferential right to subscribe for new shares of the same series in proportion to their existing shareholding (primary preferential right). Shares not subscribed for by virtue of a primary preferential right shall be offered for subscription to all shareholders (subsidiary preferential right). If shares thus offered are insufficient for subscription by virtue of a subsidiary preferential right, the shares shall be distributed among those wishing to subscribe in proportion to their previous shareholding or, to the extent this is not possible, through the drawing of lots.

Should the Company decide to issue new shares of only series A, B ***or C shares*** through a cash issue, all shareholders, regardless of whether they hold series A, B ***or C*** shares, shall have the preferential right to subscribe for new shares in proportion to their previous shareholding.

The above shall not constitute any restriction on the possibility to decide on a cash issue without taking the preferential rights of shareholders into account.

If the share capital is increased through a bonus issue, new shares in each series shall be issued in proportion to the existing number of shares in each series. Old shares in a specific series shall thus carry entitlement to new shares in the same series. The aforesaid shall not constitute any restriction on the possibility to issue new shares of a new series through a bonus issue, following the requisite amendment to the Articles of Association.

*A reduction in share capital, however, not less than the minimum capital, may be effected on request by the holders of series C shares or, following a decision by the Board of Directors or General Meeting, through the redemption of series C shares. The request by shareholders must be made in writing to the Company's Board of Directors and the Board of Directors shall address this matter expeditiously. The reduction decision made by the Board shall pertain to all series C shares. When the reduction decision is made, an amount corresponding to the reduction amount shall be allocated to the statutory reserve, if the funds required for this action are available.*

*The redemption amount for a series C share shall be the share's par value adjusted to the redemption date with an interest factor of STIBOR 30 days plus 1.75 percentage points, calculated from the day payment was made of the subscription amount. STIBOR 30 days is fixed at the date the subscription amount was paid.*

*Owners of shares submitted for redemption shall be obligated to immediately after he/she has been informed of the registration of the redemption decision to accept the redemption payment for the shares or, in cases in which court permission is required for redemption, after he/she is informed that the court's legally valid decision has been registered.*

Enclosure C (to  
Appendix 4)

*Suggested changes in bold italics*

## § 4 OF THE ARTICLES OF ASSOCIATION OF AB VOLVO

§4 The Company's share capital shall comprise a minimum of one thousand nine hundred million (1,900,000,000) kronor and a maximum of seven thousand six hundred million (7,600,000,000) kronor.

The shares may be issued in **three series, A, B and C**. If shares in **both the A and B series** are issued, each series may be issued to an amount equivalent to a maximum of ninety-nine hundredths of the total share capital. **However, series C shares may only be issued in a maximum number of 15,836,841.**

In a vote at a General Meeting, series A shares carry one vote and series B **and C shares** one-tenth of a vote. Series A and series B shares **carry equal rights to share in the assets and earnings of the Company. Series C shares do not carry rights to dividends.**

Should the Company decide to issue new series A, B **and C** shares by way of a cash issue, the holders of series A, B **and C** shares shall have a preferential right to subscribe for new shares of the same series in proportion to their existing shareholding (primary preferential right). Shares not subscribed for by virtue of a primary preferential right shall be offered for subscription to all shareholders (subsidiary preferential right). If shares thus offered are insufficient for subscription by virtue of a subsidiary preferential right, the shares shall be distributed among those wishing to subscribe in proportion to their previous shareholding or, to the extent this is not possible, through the drawing of lots.

Should the Company decide to issue new shares of only series A, B **or C shares** through a cash issue, all shareholders, regardless of whether they hold series A, B **or**

C shares, shall have the preferential right to subscribe for new shares in proportion to their previous shareholding.

The above shall not constitute any restriction on the possibility to decide on a cash issue without taking the preferential rights of shareholders into account.

If the share capital is increased through a bonus issue, new shares in each series shall be issued in proportion to the existing number of shares in each series. Old shares in a specific series shall thus carry entitlement to new shares in the same series. The aforesaid shall not constitute any restriction on the possibility to issue new shares of a new series through a bonus issue, following the requisite amendment to the Articles of Association.

***A reduction in share capital, however, not less than the minimum capital, may be effected on request by the holders of series C shares or, following a decision by the Board of Directors or General Meeting, through the redemption of series C shares. The request by shareholders must be made in writing to the Company's Board of Directors and the Board of Directors shall address this matter expeditiously. The reduction decision made by the Board shall pertain to all series C shares. When the reduction decision is made, an amount corresponding to the reduction amount shall be allocated to the statutory reserve, if the funds required for this action are available.***

***The redemption amount for a series C share shall be the share's par value adjusted to the redemption date with an interest factor of STIBOR 30 days plus 1.75 percentage points, calculated from the day payment was made of the subscription amount. STIBOR 30 days is fixed at the date the subscription amount was paid.***

***Owners of shares submitted for redemption shall be obligated to immediately after he/she has been informed of the registration of the redemption decision to accept the redemption payment for the shares or, in cases in which court permission is required for redemption, after he/she is informed that the court's legally valid decision has been registered.***

## Appendix 5

### **The Board of Directors' of AB Volvo proposal to the Annual General Meeting 2005 concerning a share -based incentive program**

A. The Board proposes, after preparation of the proposal by the Remuneration Committee, that the Annual General Meeting should approve to implement a share-based incentive program during the second financial quarter 2005 (below referred to as the "Program") for senior executives within the Volvo Group. The reason for the proposal is that the Board considers it to be in the interest of the company that the senior executives are given personal incentives that are linked to the financial performance of the Volvo Group. The conditions for the Program are as follows.

1. Under the Program, a maximum of 185.000 Series B Volvo shares can be allotted to a maximum of 165 senior executives, including the members of the Group Executive Committee and other executives nominated by the

Board (the “Participants”), during the first six months 2006. The number of shares to be allotted shall be related to the degree of fulfilment of certain financial goals for the financial year 2005 determined by the Board.

2. Preferential rights to acquire shares shall accrue to the Participants. Over-subscription is not permitted. The President and CEO Leif Johansson may receive a maximum of 4000 shares while the other Participants may receive a maximum of 1000 – 2000 shares each.
3. Participants not resident in Sweden at the time of allotment shall, instead of shares, receive an amount in cash corresponding to the market value of the shares at the time of allotment.
4. The Participants shall not pay anything for their rights under the Program.
5. The shares to be allotted under the Program shall be existing shares. The company may fulfil its obligations to deliver shares under the Program either through a third party, which would acquire and transfer the shares in its own name, or, subject to the approval by the Annual General Meeting in accordance with item B. below, by transferring shares held by AB Volvo in the company.
6. **A Participant may receive shares or cash only if the Participant remains employed within the Volvo Group at the time of allotment. However, if the Participant retires with pension before allotment, he or she shall be entitled to receive shares or cash notwithstanding such retirement.**
7. Shares may be transferred on one or more occasions.
8. The chairman of the Board is entitled to determine additional terms for the Program.
9. **Assuming that the maximum amount of shares (185 000) will be allotted and further that the company would transfer shares in the company through a third party, the cost for the Program would amount to about 70 million kronor including social fees, calculated on a share price at allotment of 300 kronor.**

B. The Board further proposes that the Annual General Meeting should approve the transfer of shares in the company held by the company itself at any time to the Participants in order to fulfil the company’s undertakings in accordance with the Program on the following terms.

1. Not more than 185 000 Series B shares may be transferred.
2. Preferential rights to acquire shares shall accrue to the Participants who are entitled to acquire shares in accordance with the terms and conditions of the Program. Over subscription is not permitted.
3. The preferential rights of Participants to acquire shares are to be exercised during the first six months 2006.

4. The Participants shall not pay anything for the shares acquired under the Program.
5. Shares may be transferred on one or more occasions.

The reason for deviation from shareholders' preferential rights is to safeguard and fulfil the commitments under the Program in a cost-effective manner.

If a decision by the General Meeting regarding the Board's proposal under item B is to be valid, the decision must be supported by shareholders with at least nine-tenths of both the votes cast and the shares represented at the General Meeting.

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Due to the proposal made by CQS Convertible and Quantitative Strategies Master Fund Limited ("CQS") under Point 16 A. in the notice to the Annual General meeting 2005, the Board of AB Volvo has decided that the proposal above shall concern ordinary shares, provided that the Annual General Meeting approves CQS' proposal.  
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