

New York

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Nissan Diesel

| <u>Sold trucks</u> | <u>2005</u> |
|--------------------|-------------|
| Light duty | 4,500 |
| Medium duty | 19,200 |
| Heavy | 16,600 |

| | |
|-------|-------|
| Buses | 1,600 |
|-------|-------|

| | |
|--------------------------|------|
| Sales, SEK bn | 31.8 |
| Operating profit, SEK bn | 2.2 |
| Operating margin, % | 6.9 |

Heavy duty trucks in Japan, 2005

Nissan Diesel
24%

Isuzu, 24%

Fuso, 20%

Other, 1%

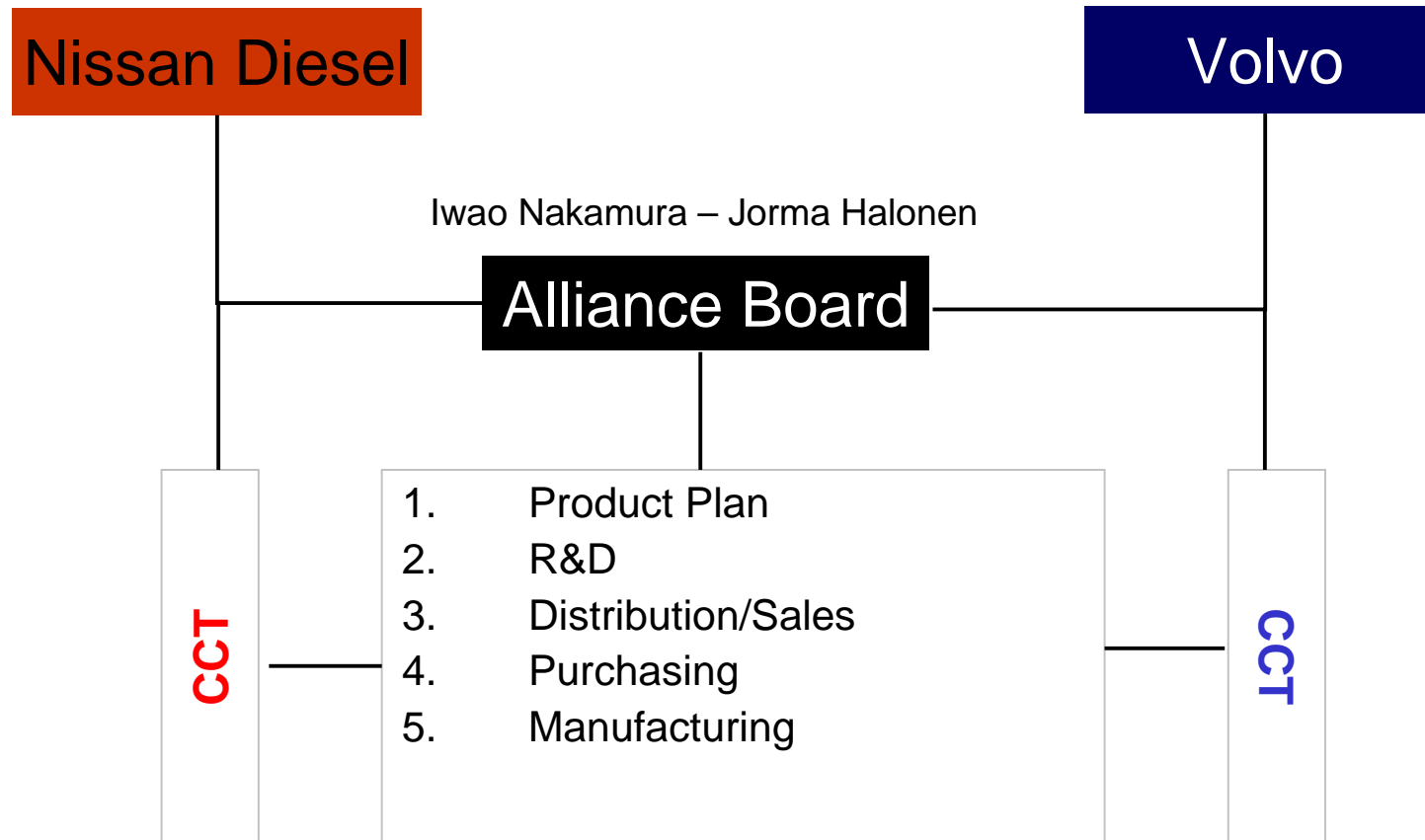
Hino, 31%



Synergy discussions

- Following Volvo's purchase of 13% of Nissan Diesel in March 21, five joint teams started to study possible synergies.
- On September 25, 2006, Volvo acquired a further 6% of the shares and all outstanding preference shares in Nissan Diesel. If preferential shares converted, Volvo ownership develops as follows:
 - **41.9%** in April 2008
 - **46.5%** in 2014:
- The synergy teams have covered all fields of businesses to create win-win scenarios and respecting each others company culture, brand and identity.
- The synergy work has progressed well with high speed and good spirit in the groups.

Governance structure



CCT = Cross Company Teams

Synergy findings

- Purchasing synergies:
 - Leveraging Volvo's volume advantage and platform strategy
 - Emerging market sourcing
 - Change of suppliers to a common supplier network
- Distribution and sales:
 - Japan, China and South East Asian markets
 - Best practice in aftermarket development
- Research and Development:
 - Advanced engineering (emissions control, electronics...)
 - Hybrid Electrical Vehicle technology
- Product planning:
 - Shared vehicle architecture
 - Component sharing
- Manufacturing:
 - Benchmarking of productivity
 - Best practice

Next steps

Activities to be carried out short term

- Decisions to be made and agreements to be reached in order to realize the synergies.
- Execution of short term synergies in Purchasing and Distribution & Sales.
- Comparison of Production Systems and measurement of important Manufacturing KPIs.
- Harmonization of R & D processes and systems and sharing of components and harmonization of product plans.