

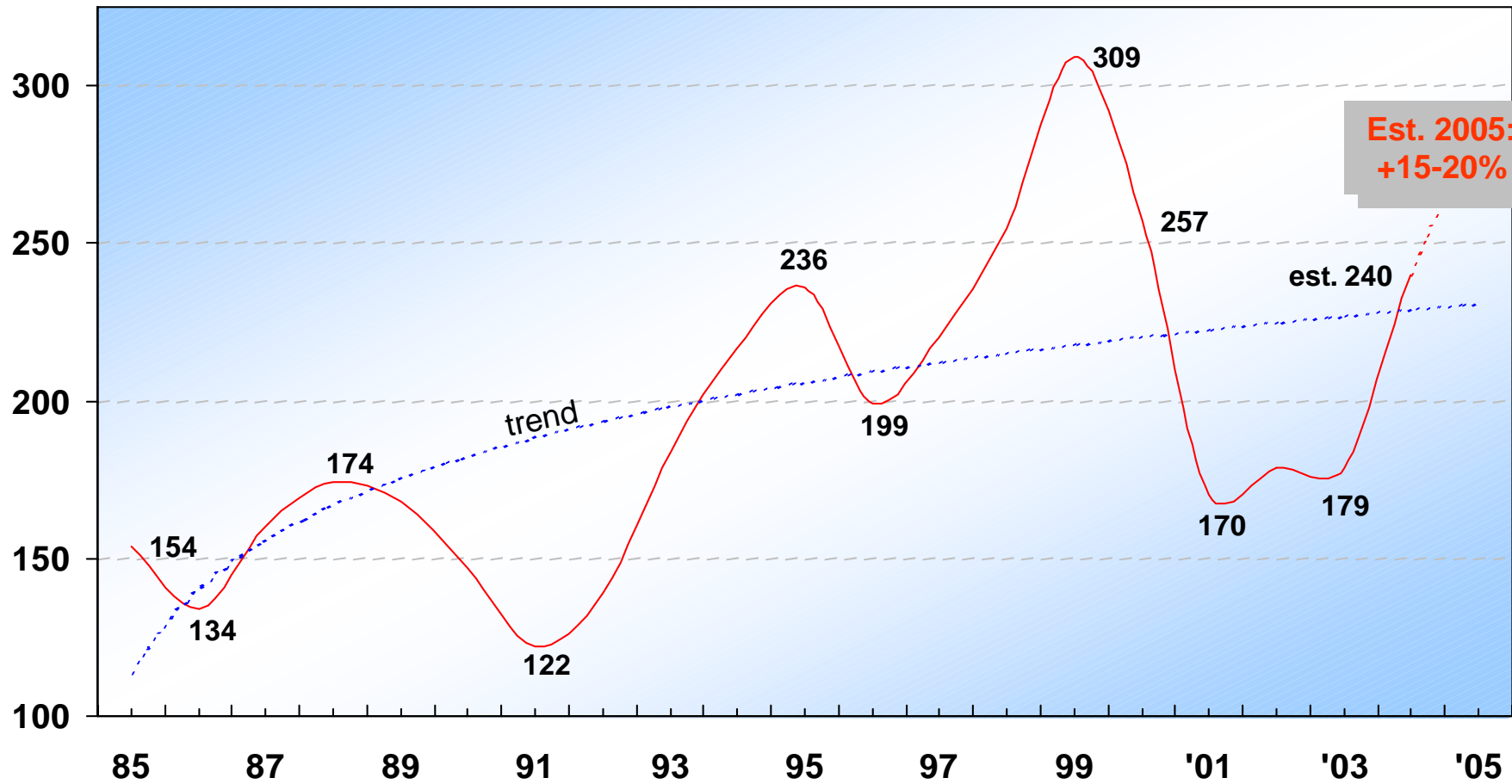
**VOLVO**

**Peter Karlsten  
President and CEO  
Volvo Trucks North America**

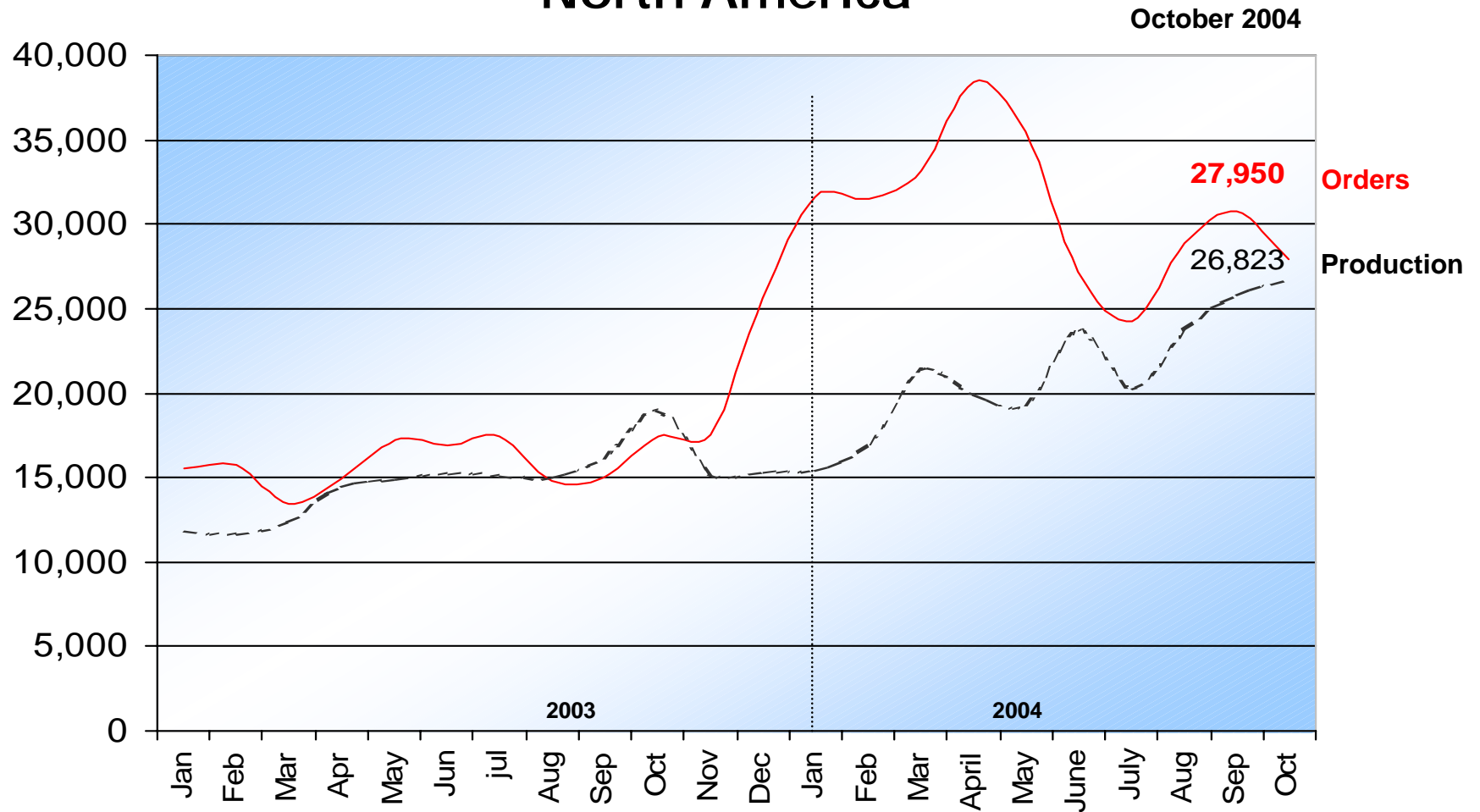
# North American Market

USA, Canada, Mexico

1,000 Units (heavy trucks)



# Industry Net Order Intake North America



## North American Industry Outlook

- Truckers' profits substantially improved
- Shippers accepting rate increases
- Controlled growth business model
  - Replacement – not growth
- Driver shortage limits fleet expansion
- High fuel prices are a major uncertainty
- Customers have concerns about impact of 2007 emissions regulations
- 2005 looks to be a strong year for truck sales

## Volvo Technology Path For U.S. 2007 Emissions Standards

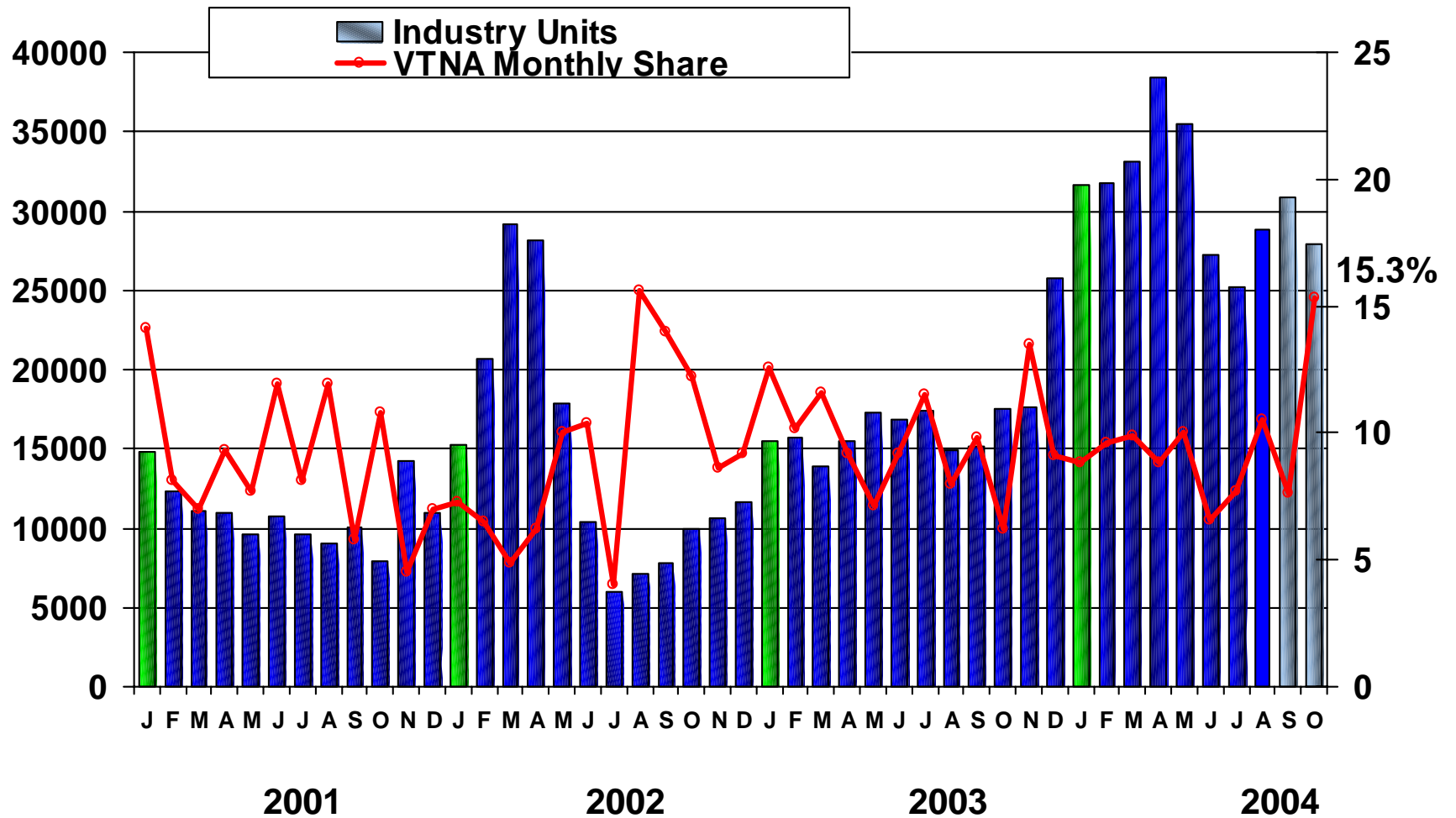
- Particulate matter (PM) control via catalyzed diesel particulate filter
- NOx control using high efficiency cooled exhaust gas recirculation (EGR) – same technology used to meet current NOx standard
- Ultra-low sulfur diesel fuel

**An evolution of proven technologies with  
years of Volvo experience and reliability**

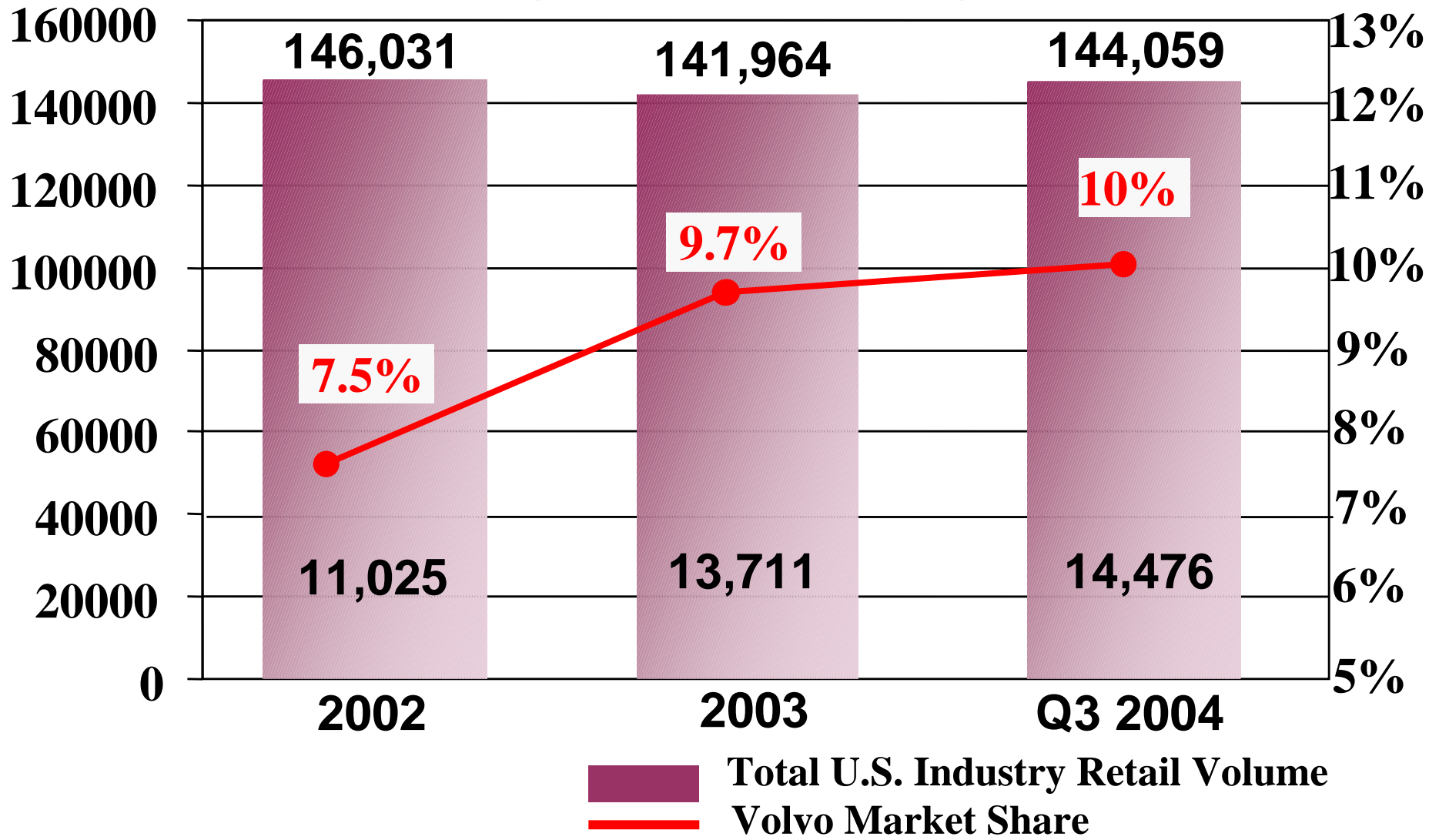
# N.A. Net Order Intake vs. Industry

Industry Orders

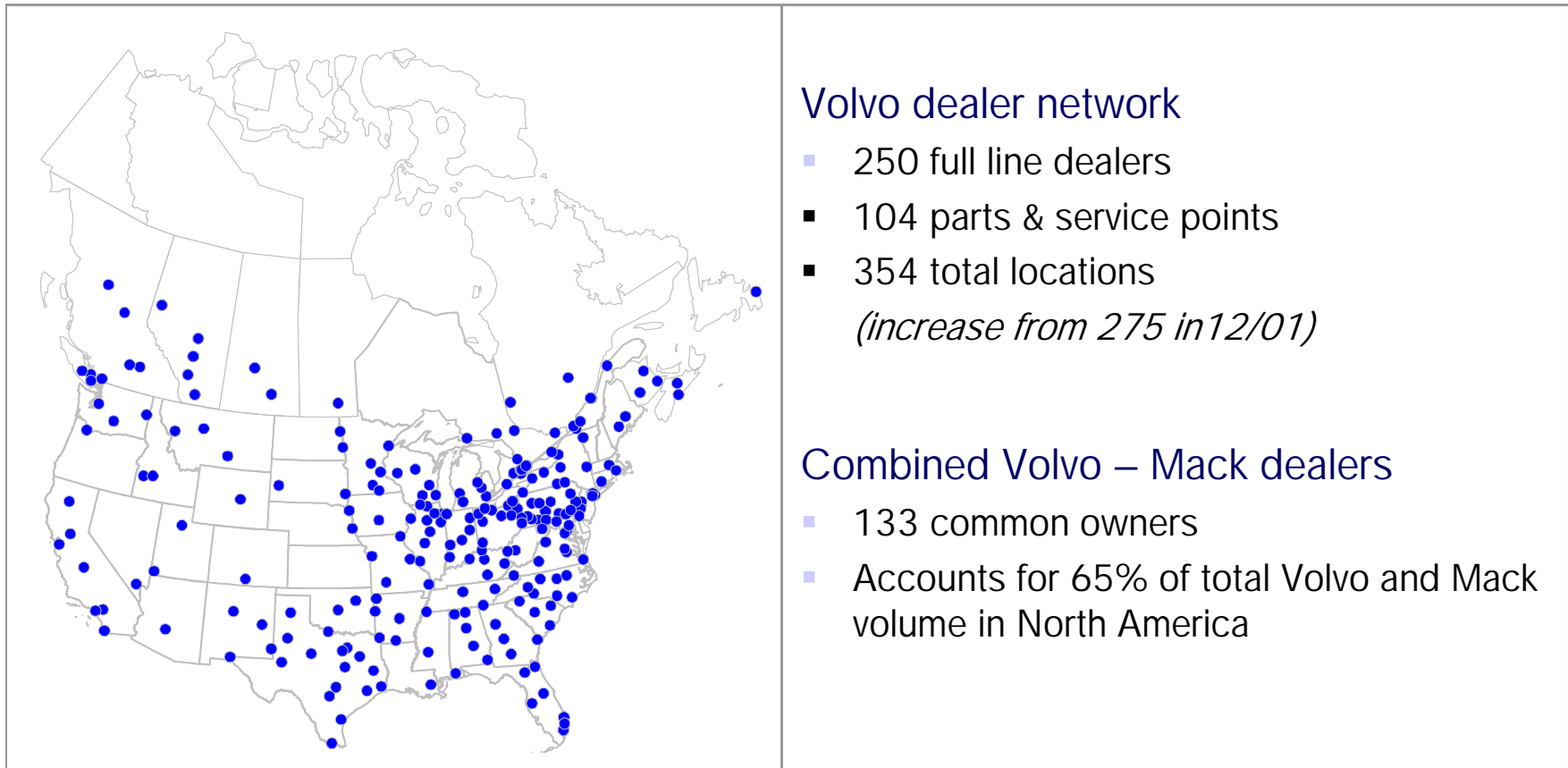
% VTNA



## 2003: Improved Share in Flat Market 2004: Rising Share in Growing Market



# Volvo Trucks North America expanded dealer network



## Volvo dealer network

- 250 full line dealers
- 104 parts & service points
- 354 total locations  
*(increase from 275 in 12/01)*

## Combined Volvo – Mack dealers

- 133 common owners
- Accounts for 65% of total Volvo and Mack volume in North America



# Business Cycle Management

- Improve cost structure
- Maximize price realization
- Maximize two-shift capacity at New River Valley Plant
- Continue to strengthen dealer network and customer support
- Plan for the downturn – No brick and mortar capacity increase

## Volvo Trucks' Performance Meets the Challenge



- Significantly improved profitability
- More than two-point market share increase in flat 2003 market
- Sales up 50 percent in 2004
- Very successful launch of new VN and new EPA'02 engine
- 800 people hired in NRV to support increased production
- \$150 million invested in Hagerstown to bring Volvo engine production to North America
- Nearly 80 new dealer outlets, and much stronger network
- Significantly improved results in latest J.D. Power survey
- Strong ATD Dealer Attitude Survey results - #1 in service contact helpfulness