

Alliance Synergies between Nissan Diesel & Volvo

Iwao Nakamura,

**President, Nissan Diesel
Motor, Co., Ltd.**

Jorma Halonen,

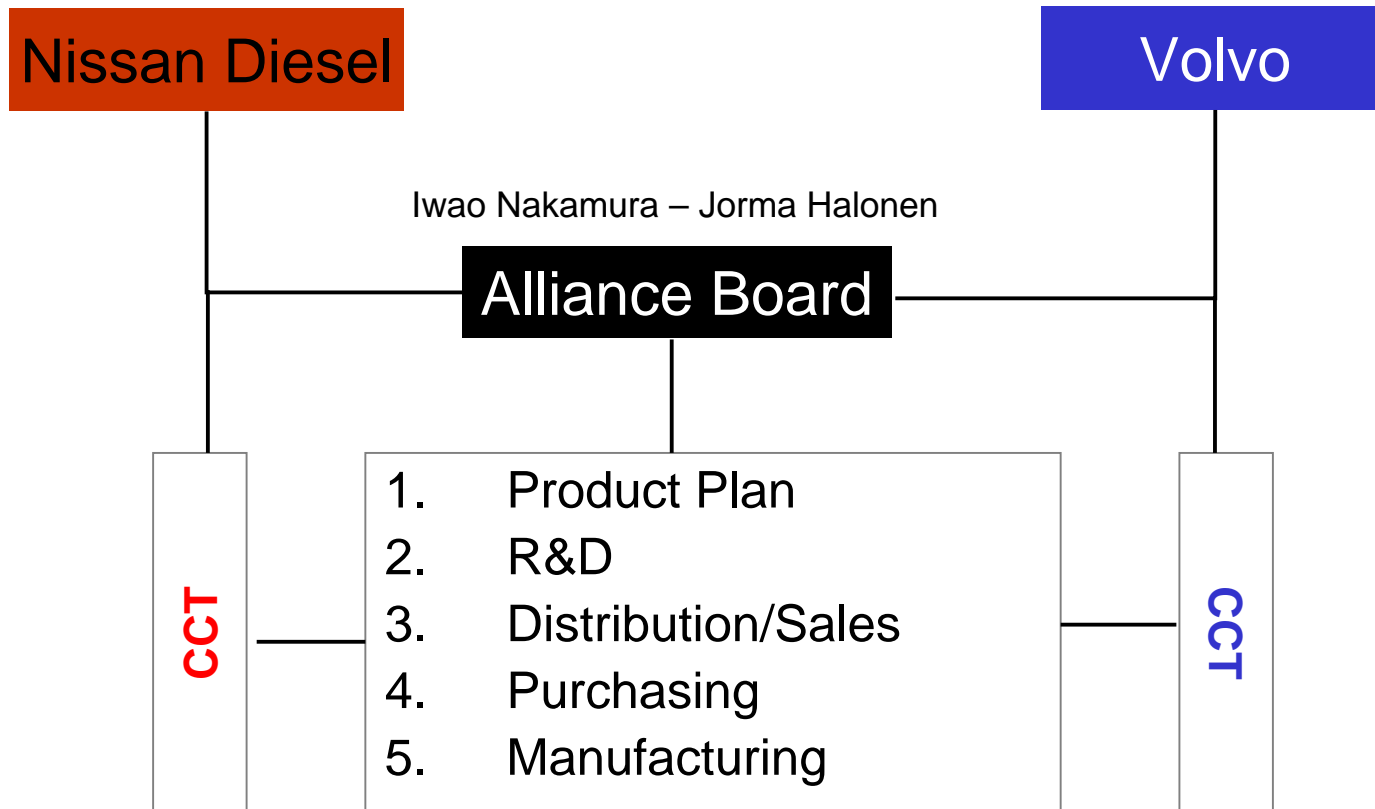
**EVP and Deputy CEO,
Volvo Group**

November 15. 2006

Progress of the joint synergy study

- 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: *Including stock option
- 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

Summary of the synergies

- Total combined possible synergies between Nissan Diesel and Volvo are today roughly estimated to 200 MEuro in yearly savings, fully implemented on a five years horizon.
- Short and medium term synergies (2-3 years) are expected mainly for Purchasing, Distribution & Sales and partly for R & D.
- More long term synergies (~5 years) are expected for Product Planning, Manufacturing and partly R & D.
- The parties' current assessment is that more than 50% of the synergies will be realized in Nissan Diesel

Purchasing synergies

Lower cost and maximized returns

- Synergies are identified due to the combined purchasing power and is expected to contribute to quick-wins.
- 40% of the purchasing volumes are targeted for cost saving opportunities. Substantial potential for cost reductions has been identified for Nissan Diesel.
- Identified saving opportunities are based on
 - Leveraging Volvo's volume advantage and platform strategy
 - Emerging market sourcing
 - Change of suppliers to a common supplier network

Distribution & Sales synergies

More revenue, lower investments and maximized returns

- Volvo intends to utilize Nissan Diesel's strong position in Japan in all possible areas.
- Distribution and sales in China. Nissan Diesel intends to utilize Volvo's network in China.
- Synergies in Aftermarket, Parts & Services: Sharing of best practices between the parties for more profitable returns.
- Nissan Diesel intends to utilize Volvo Financial Services outside Japan.
- Distribution and sales in other South East Asian-markets

R & D synergies

Lower investments and reduced R&D expenses

- R & D processes: Nissan Diesel intends to introduce Volvo's modular concept for increased efficiency in development.
- Hybrid Electrical Vehicle technology: Joint development would provide a better cost base for environmentally-friendly technology.
- Advanced Engineering: alternative fuels, safety, electrical and electronics and other advanced engineering technologies.
- Possible joint development of engines to meet future emission legislation.

Product Planning synergies

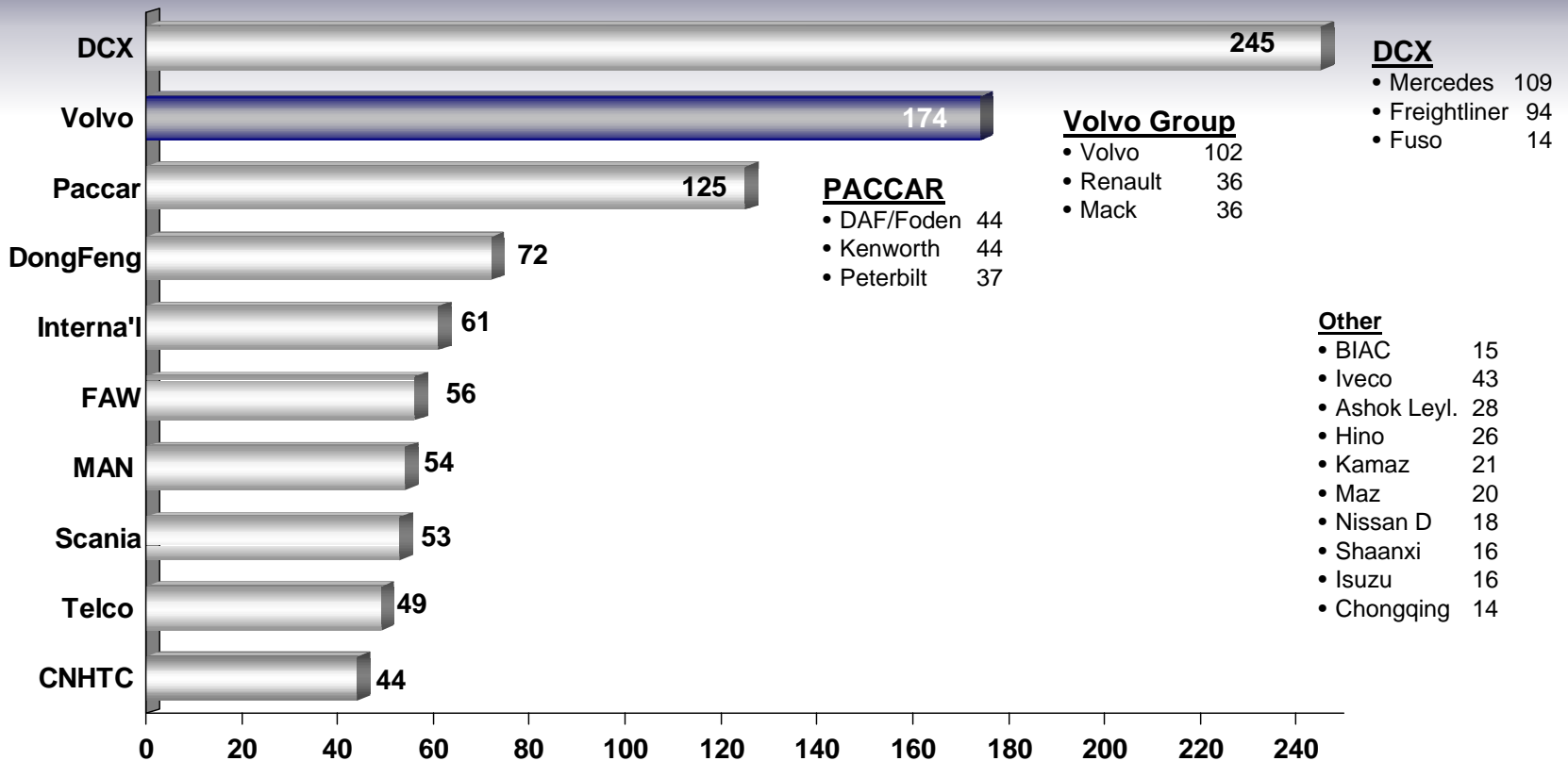
Fully utilize the opportunities from new products and lower investments/R&D expenses

- Harmonization of Nissan Diesel and Volvo heavy duty platforms through the CAST-Concept (Common Architecture Shared Technology) --- Nissan Diesel intends to utilize Volvo's volume based platform as much as possible in order to reduce the investments and R&D expenses
- Shared development of Medium Duty trucks --- Growth opportunities for both companies in the medium-duty truck global market.
- Component sharing:
 - Engines
 - Transmissions
 - Chassis components
 - Electrical and electronics

Heavy Duty Truck Market

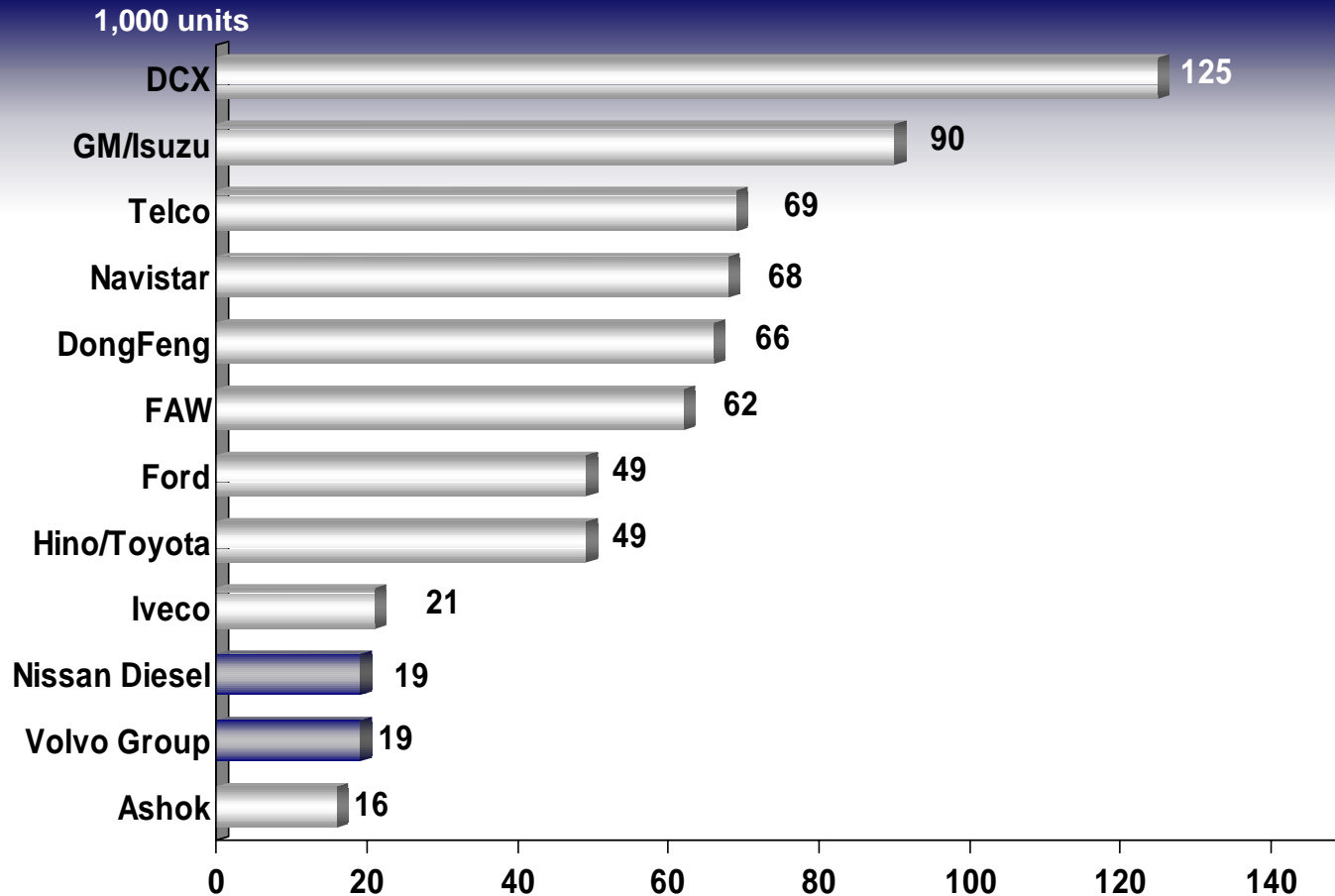
Production 2005

1,000 units



Growth potential in medium duty trucks

Global market 2005



Manufacturing synergies

Increased efficiency and reduced investment

- Evaluation of production systems
- KPI-comparison of QCD-parameters
- Manufacturing collaboration in Asia

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.