



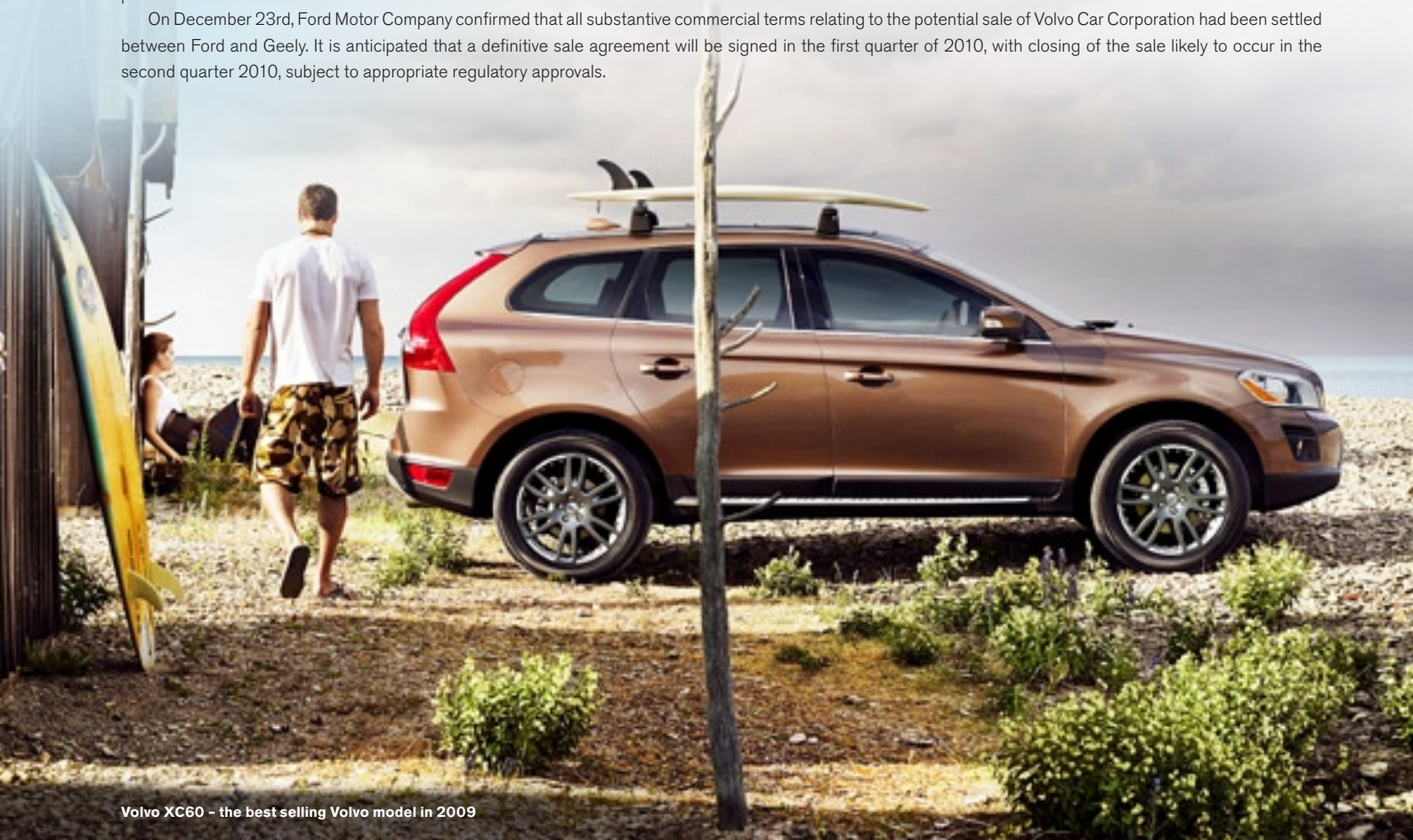
A TOUGH YEAR WITH CONTINUED FOCUS ON ENVIRONMENT AND SAFETY

- 2009 total sales of 334,808 units
- Zhejiang Geely Group Holding named preferred bidder of Volvo Cars
- The all-new Volvo S60 – Sculpted to move you
- All-new Volvo S80L introduced in the Chinese market
- Volvo XC60 wins multiple awards and becomes No 1 selling Volvo model
- Seven models in the fuel efficient DRIVE family
- Volvo's Plug-in Hybrid vehicles on the market in 2012
- All-electric C30 BEV project presented
- Pedestrian Detection – groundbreaking new safety technology
- Volvo's 3-point safety belt turned 50 years
- Volvo Ocean Race finished in St Petersburg with Ericsson 4 as winning team
- Peter Horbury appointed new Vice President of Design

Despite difficult times for the car industry, 2009 was a very productive year for Volvo Car Corporation with a number of introductions and exciting news – environment and safety technologies as well as concept cars and new production models. A strengthened product program with a range of fuel efficient DRIVE products and the Volvo XC60 were well received in an otherwise challenging market situation. A number of successful sponsorship and communication projects were carried out – Volvo Ocean Race, Volvo team Polestar in the Swedish Touring Car Championship and Volvo The Game to mention a few.

As part of a cost reduction and restructuring program, Volvo Cars signed a unique agreement with the local unions in Sweden in order to avoid further employee separations through lowered personnel costs at all levels of the company. At the end of 2008, Ford communicated a strategic review of Volvo Cars that included a potential sale of the company. Negotiations with interested parties went on during 2009 and resulted in Zhejiang Geely Group Holding Co. Ltd being named as preferred bidder at the end of October.

On December 23rd, Ford Motor Company confirmed that all substantive commercial terms relating to the potential sale of Volvo Car Corporation had been settled between Ford and Geely. It is anticipated that a definitive sale agreement will be signed in the first quarter of 2010, with closing of the sale likely to occur in the second quarter 2010, subject to appropriate regulatory approvals.



PRODUCT NEWS

The first official pictures of the **all-new Volvo S60** were released, showing a sportier and more dynamic car than any previous Volvo model. The new Volvo S60 is the first car to be offered with Pedestrian Detection. The car will be unveiled at the Geneva Motor Show in early March 2010. Production will start in early summer 2010 at the Volvo Cars plant in Ghent, Belgium. The new S60 was previewed as the S60 concept car at the Detroit Autoshow in January 2009 and was awarded "Most beautiful concept car" by German Auto Bild magazine.

The **all-new Volvo S80L**, with an extended wheel base of 140mm, was launched in Beijing, China and production started in Chongqing. Based on comprehensive research of the Chinese market, Volvo Cars has designed the all new S80L and considerably upgraded the car in terms of space, quality, premium equipment specifications, drivability and service.

The interior of the **refreshed Volvo S80** has been made more driver-oriented, not least with a new steering wheel and upgraded instruments. Also, Volvo's chassis and engine experts have made sure the driving experience is as exclusively attractive as the interior is. The **new Volvo C30** has a refreshed front clearly separating it from the Volvo S40 and V50, and its character is emphasized by a wide range of options, including an urbane, bold accessory styling kit. The **new Volvo C70** convertible has been given a careful redesign of the front and rear as well as an increased interior exclusiveness of the materials and trim details.

Two entirely **new diesel engines** combine more power with class-leading fuel consumption and CO₂-emissions: the high-performance, twin-turbo D5 with 205 hp and 420 Nm of torque and the medium-performance, single-turbo 2.4D with 175 hp and 420 Nm of torque.

The **Volvo XC60** was named **2010 International Truck of the Year**. The XC60 is the first vehicle to offer City Safety as standard equipment, a unique Volvo technology that can help the driver avoid frontal collisions at low speed. This marks the 20th award the Volvo XC60 has received since sales began in Europe in late 2008.

ENVIRONMENT

"DRIVE Towards Zero" is Volvo Cars' vision for developing cars entirely free from harmful exhaust emissions and environment-impacting carbon dioxide. Volvo follows three main tracks for reducing the environmental impact of its products: efficiency enhancement, renewable fuels and electrification.

Volvo Cars presented **seven fuel-efficient DRIVE models** with best-in-class CO₂ emission levels. The extremely low figures for the C30, S40 and V50 have been achieved thanks to an advanced Start/Stop system. The latest version of the C30 DRIVE uses only 3.8 liters of diesel per 100 km which equals just 99 grams of CO₂/km. The 104 gram Volvo S40 1.6D DRIVE was named Green Car of the Year at the prestigious 2009 What Car? Green Car Awards. All of today's DRIVE models are equipped with a conventional diesel engine and manual gearbox optimized for extra-low fuel consumption, and are tailored specifically for low rolling resistance and reduced air drag. The V70 and S80 models both reach 129 grams of CO₂ per kilometer using the same 1.6-litre diesel engine. Also, the XC60 and XC70 are offered in front-wheel drive DRIVE versions powered by the 2.4D engine, with emissions of only 159 g/km and fuel consumption a best-in-class 6.0 l/100 km for both cars.

A joint venture project between Volvo Cars and energy supplier Vattenfall will develop **plug-in hybrid** cars and an energy infrastructure. The project will research the wishes and demands from drivers, determine driving habits and establish how they want to charge their cars. Volvo is introducing a series-produced plug-in hybrid as early as 2012, combining pure electric power from the battery with an efficient diesel engine. The combined range is about 1,200 kilometers and carbon dioxide emissions will average out at 49 grams per kilometer, with fuel consumption of 1.9 liters per 100 km. In the summer of 2009, three Volvo V70 demonstration cars were presented, to be used to gather information for the development projects.

Work is under way on evaluating an entirely electric-powered car known as a BEV (Battery Electric Vehicle). The **Volvo C30 BEV** prototype features the very same safety, comfort and space as the standard car; however it is powered solely by electricity, and has a range of up to 150 kilometers. A small number of prototypes of the C30 BEV have been built and tested internally by Volvo. In December 2009, Volvo Cars was granted research funds by the Swedish Energy Agency for the continued development of next-generation electric cars. A test fleet of 50 vehicles will be built to evaluate the technology and gather information about driving behavior.



The first official picture of the all-new Volvo S60



Volvo Cars will introduce a plug-in hybrid vehicle in 2012

SAFETY

In the quest for the ultimate vision of an accident free traffic environment, Volvo Car Corporation's short-term target is that no one will be killed or injured in a new Volvo car by year 2020. In recent years, focus has shifted from protection to prevention and continuous progress is being made. New technologies in Volvo cars such as Collision Warning with Auto Brake and City Safety can warn and assist the driver in difficult situations, in order to mitigate or avoid an accident.

Volvo Cars' groundbreaking new technology – **Collision Warning with Full Auto Brake and Pedestrian Detection** – will be introduced together with the all-new Volvo S60 in 2010. This system can detect a pedestrian in front of the car and brake automatically to avoid an accident. The aim is to help the driver avoid collisions with pedestrians at speeds below 25 km/h. If the car is travelling faster, the aim is to reduce the impact speed as much as possible – the risk of a pedestrian being killed in an accident at 50 kilometres per hour is 85 percent higher compared to if the speed is 25 kilometres per hour.

Volvo Cars' Safety Centre is currently developing safety systems for **electric cars and hybrids**. Through advanced automatic monitoring of battery status and by encapsulating the battery and protecting it effectively in a collision, the result is a comprehensive safety package of the very highest class. Volvo applies the same high safety standards on all its products irrespective of car type, fuel or power source.

A **new crash-test dummy** has been developed by Volvo Cars. The latest addition to the crash-test dummy family is Bob – a man of medium height and unlike the rest of the dummies in the family, Bob never gets to sit in a car during a collision. Instead, he's the one who risks being run over. Bob may suddenly appear from behind a parked car or around a corner. This allows researchers to simulate realistic and frequently occurring traffic scenarios. Bob's erratic behaviour poses a challenge to Volvo's most recent active safety system, which features both radar and cameras. The aim is to reduce or entirely avoid collisions with pedestrians.

In 2009, **Volvo's three-point safety belt turned 50**, celebrating the world's first car with standard-fit three-point safety belts – a Volvo PV544 – built in 1959. Over the next 50 years, the V-shaped three-point safety belt saved well over one million lives. To this day, the three-point safety belt remains the car's single most important safety feature.



Volvo S60 Concept with Pedestrian Detection

COMMUNICATION AND SPONSORSHIP

The overall winner of the 2008–09 **Volvo Ocean Race** was Ericsson 4 who ensured the victory already before the final leg to the finish in St Petersburg, Russia. The race started in Alicante and followed a 37,000 nautical mile journey around the planet. For the first time, the race visited Asia, with stopovers in Cochin, India, Singapore, and Qingdao, China. The 11th Volvo Ocean Race will start from its new home base of Alicante in Spain in the autumn of 2011.

Volvo Cars' venture in **Motorsport** with the C30 DRiVE resulted in the 2009 Swedish Touring Car Championship (STCC) victory. Volvo Cars was the first official brand in the world to let its race cars run on bioethanol E85 fuel and the race cars' flat under-body panels, diffuser and rear wing have been taken straight from the C30 DRiVE. Volvo Cars' focus on bioethanol and Green Racing in the STCC continues.

Volvo – The Game, a joint venture between game development company SimBin and Volvo Cars was launched in May and by December, it had already been played on more than 850,000 computers the world over. More than 300,000 people have watched YouTube films about the game and about 20,000 new players take up the challenge every week. Using this communication channel, Volvo has renewed the brand name and reached out with the new S60 model far beyond regular customer groups.

Know what Edward Cullen drives? Volvo launched a new global online promotion in conjunction with the release of The Twilight Saga: New Moon film. Of more than 370,000 competing fans in five countries, six happy contestants were awarded with a new shiny Volvo C30 or an XC60 – just like the one Edward drives.

Volvo Cars launched a new **global communication platform** under the theme "There's more to life than a Volvo. That's why you drive one". The new, cohesive, grasp is one way of ensuring a standardized international perception of Volvo the world over. And the aim is to carve out a more daring and more impassioned brand, one that secures its place on the global premium market.



The 10th Volvo Ocean Race finished in St Petersburg

PRODUCTION

Volvo Cars' **Torslanda** site increased its efficiency by integrating engine assembly in the vehicle final assembly plant. In **Ghent**, the last unit of the previous generation Volvo S60 rolled off the assembly line, a Sapphire Black car destined for a customer in Taiwan. In total, the Ghent plant built 578,292

S60 cars during the years 2000–2009 making it one of the longest running Volvo models in the plant. The Ghent plant is now preparing for the new S60 model which will enter production in 2010. At the **Uddevalla** plant, number 50,000 of the second generation Volvo C70 was handed over to its German owner. Production of the all-new S80L model was introduced in the **Chongqing** plant which already produced the Volvo S40.

Cars production by model and plant 2009, no. of cars

	Gothenburg	Uddevalla	Ghent	Chongqing	Thailand	Malaysia	Total
S40	—	—	27,479	6,226	—	242	33,947
S60	—	—	6,287	—	—	—	6,287
S80	17,006	—	—	—	117	26	17,149
S80L	—	—	—	8,919	—	—	8,919
V50	—	—	52,130	—	—	78	52,208
V70	43,074	—	—	—	—	—	43,074
XC60	—	—	66,757	—	—	—	66,757
XC70	14,694	—	—	—	—	—	14,694
XC90	27,988	—	—	—	—	50	28,038
C30	—	—	31,216	—	—	—	31,216
C70	—	9,124	—	—	—	—	9,124
Total	102,762	9,124	183,869	15,145	117	396	311,413

(Production 2008: 366,249 cars)

SALES

Under the global financial crisis, demand for new cars was weak during the first half of 2009 while a recovery was seen in the second half, although growing from low levels. Total global retail sales for Volvo Cars was 334,808 units which represented a 10.6 percent decline versus 2008. The multi-award winning **Volvo XC60** quickly became the globally best selling Volvo model, capturing significant shares of the globally growing compact premium SUV segment. The XC60 reached no less than 61,667 units for the full

year. The main markets in **Europe** performed well thanks to high demand for Volvo's range of fuel efficient **DRive** models. In the important **US** market Volvo managed to grow on a shrinking market in the second half, both thanks to Volvo XC60 and a successful campaign offering customers an attractive service and warranty package. **China** grew rapidly for Volvo Cars mainly thanks to two new products – the all-new Volvo S80L and the Volvo XC60. Among the Volvo Cars Overseas markets **Brazil** and **Australia** stood out with sales results exceeding 2008 levels.

Sales figures for past ten years, no. of cars

Year	2009	2008
2009	334,808	374,297
2008	374,297	458,323
2007	458,323	427,747
2006	427,747	443,947
2005	443,947	456,224
2004	456,224	415,046
2003	415,046	406,695*
2002	406,695*	412,390
2001	412,390	409,059
2000	409,059	401,509
1999	401,509	

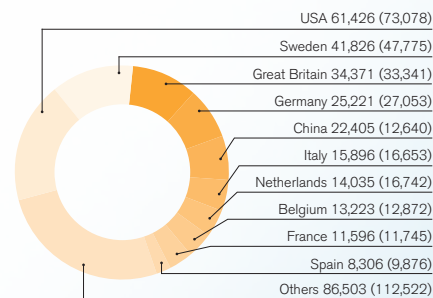
* As of 2002, sales are defined as cars delivered to end-customers.

Sales by model total, no. of cars

	2009	2008	%
XC60 (new)	61,667	6,954	786.8*
V50	54,062	62,085	-12,9
V70	45,836	59,152	-22,5
S40	36,954	48,950	-24,5
XC90	32,754	52,872	-38,1
C30	32,409	39,966	-18,9
S80	28,171	31,114	-9,5
XC70	18,032	32,675	-44,8
S60	14,131	26,148	-46,0
C70	10,792	14,381	-25,0
Total	334,808	374,297	-10,6

* 2008 includes 4 months sales only.

Ten biggest markets 2009 (2008), no. of cars



The US is Volvo Cars' biggest market. In Sweden Volvo maintains a market share around 20 percent.

Sales are defined as cars delivered to end customers.

For more information or questions please contact Volvo Cars, Public Affairs, Corporate spokesperson + 46 31 59 65 25 or visit www.media.volvocars.com

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