VOLVO

Press Release

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Volvo Attributes Recent Sales Increase To A Better Understanding Of Consumers' Buying Motivations

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Volvo Expects Second Consecutive Month of Year-Over-Year Sales Growth

ROCKLEIGH, N.J. (July 27, 2009) - Volvo Cars of North America, LLC, (VCNA) is forecasting its July sales to be higher than last July's sales, marking the second straight month of a year-over-year increase.

"We're headed in the right direction," said Doug Speck, VCNA president and CEO, "and it's because we're tapping into consumers' mindsets. Today, when consumers find a car they want, their focus turns to peace of mind and validation. They're planning on owning the car longer and they want to be sure it will last - and that service and repair costs are reasonable."

Speck thinks Volvo is well-positioned thanks to the all-new XC60 crossover and the timely introduction of the Safe + Sound Coverage Plan, an extended warranty and coverage program.

"Showroom traffic began to noticeably increase when the XC60 went on sale in March," he said. "Buyers embraced the uniqueness of City Safety, coupled with all of the other premium features offered as standard. The XC60 immediately accounted for 16 percent of our sales in April and 17 percent in May. Our overall sales also increased by 24 percent during that time.

"After we launched the Safe + Sound Coverage Plan in June, our closing ratios improved by nine percentage points, sales increased by 25 percent from May to June, and we even saw our first year-over-year improvement since January 2008. We extended Safe + Sound through the end of August and believe we'll see even better numbers at month's end now that the program has had more time to gain momentum."

The Safe + Sound Coverage Plan is a complimentary coverage program for MY2009 vehicles that wraps a comprehensive list of benefits into one package. Volvo has combined additional time and mileage limits on warranty repairs and roadside assistance coverage, and has increased wear-item coverage and factory scheduled maintenance coverage. Specifically, it provides:

- 5 years/60,000 miles of New Car Warranty
- 5 years/60,000 miles of Complimentary Factory Scheduled Maintenance
- 5 years/60,000 miles of Wear and Tear Coverage
- 5 years/Unlimited miles of Volvo On Call Roadside Assistance.

"Safe + Sound appeals to consumers who are wary of purchasing new vehicles because they can appreciate the value of not needing to worry about maintenance costs on top of the expense of paying for the car. Owners get the benefit of having a safe, reliable vehicle they can enjoy for years at little cost," Speck said.

A recent survey conducted by automotive research firm AutoPacific showed 59 percent of new-car buyers indicated that they would not be shopping for a new vehicle for four years or more (an increase of more than 12 percent from those surveyed in 2005). Additionally, according to Edmunds.com, the average mileage on vehicle trade-ins has increased by 15 percent in the past

18 months. (Vehicles traded in to dealers currently average 65,883 miles on the odometer as compared to 57,079 miles in January 2008.)

Prestige Volvo in East Hanover, N.J., was a top-selling retailer in May and June. According to General Manager Matthew Haiken, Safe + Sound brought more consumers to the showroom. "People were waiting for the right deal to come along before deciding to buy," Haiken said, "and this was too good a deal to pass up. I've even noticed that we're converting owners of non-luxury imports into Volvo customers. Volvos may be more expensive to purchase, but having the safest car on the road - and virtually no expense to maintain it - makes it the greater value in the end."

Volvo Cars of North America, LLC, (www.volvocars.com/us) is a subsidiary of Volvo Car Corporation of Gothenburg, Sweden. VCNA provides marketing, sales, parts, service, technology and training support to Volvo automobile retailers in the United States, and oversees Volvo operations in Canada.

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