

## CORONAVIRUS (COVID-19) NETWORK FINANCIAL RELIEF PROGRAM

**I hope that you are doing well, keeping yourself and your families safe and secure while running a viable and above all, sustainable business.** Hopefully, you'll agree that the Financial Relief actions introduced on Wednesday as part of a multi-phased approach were both supportive and timely.

While we're pleased with the first wave of activities, we're monitoring the evolving situation, keeping a close eye on the leading indicators of our business and the economy in general. With that in mind, the suite of **the Network Relief Action will continuously evolve, rapidly adapting to any development, including but not limited to deterioration of customer demand.**

My guidance to the broader Volvo family is to remain calm, balanced, and fact-based in our decisions, acting proactively through long-lasting actions that make sense both today but equally for the duration of this uncertain business climate.

After further consultation and deliberation with the Advisory Board, we will take additional steps to further support and bolster your operational cash flow as part of the second, final phase of the Network Financial Relief roll-out:

- We announced on Wednesday that all eligible cars wholesaled from April 1st onwards would receive the 2% "People Development" bonus on wholesale instead of retail. We also said that we would look at what we could do in this regard for eligible cars already wholesaled. I can now confirm that **all cars, already wholesaled and not retailed on March 31st, will also receive the 2% "People Development" bonus in April**, rather than when the car is retailed.
- **We rescind the Wednesday Floorplan announcement**, replacing it with the following: **Floorplan support on your entire new car inventory (incl. demos and loaners) at the rate of \$100 per car per month (any new Wholesale will automatically receive 30-day floorplan support).** These payments will be made on your parts statement. The following will apply: We will take a snapshot of your inventory at the

close of business today, paying floorplan support for 30 days. We will take another snapshot of your inventory on April 20th, paying floorplan support for an additional 30 days. As you know, the situation is changing by the minute, and we will continuously evaluate this approach (*first re-assessment made in May*).

- Effective April 1st, we will be suspending our CPO bonus program, replacing it with a **guaranteed \$250 per CPO from car one**.
- We continue to negotiate with our vendors, asking them to waive, reduce or defer retailer charges. While we carry on those negotiations, **we will in the meantime at least remove the following normal monthly charges from your March parts statement and defer them until a later period** ([Dealer.com website costs](#), *Xtime standard monthly charge*, *Learning*, and *technology fee & VIDA Wi-fi*).

Bulletins linked to the above actions will follow shortly.

We realize you are holding standing stock and want to alleviate some of the pressure, applying revisions to the Phase 1 announcement on Wednesday in addition to new financial relief actions. We trust that these Phase 2 actions offer an increased level of support to your business. We know what we know today and will certainly learn as we move forward, being at each other's side of these challenging times.

Some of you may have already seen the global press-releases issued today. Outlined below is a digest of key take-aways.

## **Manufacturing**

- Our Ghent factory closed this week and will remain so until April 5th; our Swedish plants will follow, closing on March 26th with an intended start-up on April 14th.
- Our South Carolina manufacturing plant will also close on March 26th with an intended start-up of April 14th.
- Reduction in working hours will impact pay, but we are doing all we can to keep this to a minimum.
- We firmly believe this is the right thing to do to protect the health and safety of our employees while making sure our team members can continue to provide for their families.

## Commercial Operations

- Our offices are now operating almost entirely remotely with a technology infrastructure that ensures we can remain fully productive.
- Customer Care, Retailer Support, and Roadside Assistance teams continue to function normally.
- We have been keeping our team apprised of significant changes to our operation or impact on them.
- We shared yesterday some of the bold decisions made this week to safeguard both Volvo Cars and our retailer partners, including stringent cost-saving measures that touch almost every part of our business.
- Our team knows that our retail partners' recovery is critical to our success, and vice versa.

As mentioned in my previous note, I will keep the lines of communications wide open, communicating with high frequency, delivering updates of substance, applying stronger-than-ever focus on value-driving activities. With that said, a video-address will be released beginning of next week. In the meantime, please take great care of yourself, your family, friends and of course the Volvo fans. We stand united amid this health crisis.

Thank you for your continued support, dedication, and perseverance.

Sincerely,



**Anders Gustafsson**  
President and CEO of Volvo Car USA LLC.

