

-3-

VOLVO WHITE would be responsible for accumulating VOLVO WHITE truck production numbers and reporting share points in an agreed format on a monthly basis. This rebate incentive plan would replace the current share incentive agreement now being used with heavy EATON transmissions.

7. The rebate would be paid to VOLVO WHITE through purchase discounts on North American heavy drive axle prices as per Schedule A. Pricing for heavy transmissions, brakes, and service parts would remain at base and/or proposal levels.

The appropriate discount level (share target) for heavy drive axles from Schedule A would be mutually determined by VOLVO WHITE and EATON based upon the share points deemed attainable during the period. On a semi-annual basis, the discount (share target) level would be adjusted based upon past experience and new share expectations. In the event that EATON actual share level exceeds the "share target" level during any quarter, EATON would remit a payment to VOLVO WHITE to cover any unpaid differential between the total rebate incentive and the value of the heavy drive axle purchase discounts.

8. EATON will offer an additional early-on rebate to provide funds to support VOLVO WHITE activities in changeover and promotion of EATON products for share gains. The additional rebate would be calculated upon invoice volume of EATON furnished heavy transmissions and axles. The additional rebate would be 2% and 1% for program years one and two, respectively, and would be paid quarterly.
9. VOLVO WHITE will establish standard position for all EATON products in their Data Book, and will use its best efforts to increase penetration of Eaton products among Volvo White customers.