



AB Volvo

Press Information

VOLVO IS PARTICIPATING IN FINANCING OF THE ACQUISITION OF AMERICAN BUS COMPANY

The British bus manufacturer Henlys is acquiring the American bus manufacturer Bluebird for a total of approximately USD 428 M (about SEK 3.5 billion). The acquisition will make Henlys the leading manufacturer of school buses in the North American market.

Volvo, which has a 10-percent ownership interest in Henlys, has decided to participate in the financing of the British company's acquisition as follows:

In connection with the acquisition, Henlys will implement a new share issue in an amount of approximately GBP 100 M (about SEK 1.32 billion). Volvo will subscribe for new shares in Henlys in an amount of GBP 10 M (approximately SEK 132 M), which corresponds with Volvo's 10-percent holding in Henlys.

Volvo will also subscribe for a convertible debenture loan in Henlys in an amount corresponding to GBP 160 M (approximately SEK 2.2 billion). The loan will carry interest of 5.5 percent.

The agreement, and subsequently Volvo's financing, is conditional on the receipt of regulatory approvals and the approval of Henlys shareholders.

Bluebird is a leading manufacturer of school buses and currently holds more than 40 percent of this market in North America. In 1998, the U.S. company sold slightly more than 14,000 school buses for a total sales value of approximately USD 626 M. Pre tax profit during 1998 amounted to USD 64.3 M (approximately SEK 850 M).

In 1998, Henlys, which is one of the leading manufacturer of bus bodies in the United Kingdom, had total sales of GBP 344 M (about SEK 4.5 billion).

The North American bus manufacturers Prevost and Nova Bus are jointly owned by Volvo (51 %) and Henlys (49 %).

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