

VOLVO AERO

Press Information

VOLVO AERO ISSUES PRELIMINARY LAY-OFF NOTICE

The corporate management of Volvo Aero has today decided to submit preliminary notice of redundancy measures affecting 250 employees in Trollhättan to the County Labor Board. Of the employees affected, 150 are active within VA (blue-collar) and 100 within TA (white-collar).

The background to this notification is the ongoing decline in the international aviation industry, which is forcing Volvo Aero – and other companies in the industry – to continue to adjust to the prevailing conditions.

Combined with new workload figures for the workshops during the period 2004-2005, the weakening of the company's finances has resulted in the decision that the company will reduce the number of employees.

Stage 1 Codetermination negotiations with the unions are being started immediately. Work to determine which employees will be affected will start as soon as the first Codetermination negotiations have been concluded. The periods of notice will vary, depending on length of employment but no one will be required to leave the company before November 20, 2003.

Volvo Aero has reported losses during the past three quarters (totaling SEK 119 M) and there are currently no signs of any turnaround in the aviation industry. Instead, many factors indicate that no improvement on the components side can be expected until 2006.

"Accordingly, we have no other choice than adapting our capacity to the very weak demand," comments Volvo Aero President Fred Bodin.

It should be noted that the redundancy notice is not connected in any way with the discussions about a possible closure of the company's space operations.

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