

VOLVO AERO

Press Information

Volvo Aero Services signs important agreement with British Airways

Volvo Aero Services has reached a multi-year agreement with the biggest airline in Europe, British Airways, which will give Volvo Aero Services the right to sell designated surplus spares from British Airways.

Volvo Aero Services LP will act as British Airways' authorized outlet to market and sell its designated surplus material valued in excess of \$100M. The agreement is structured to allow British Airways to transition out of inventory that is surplus to their needs while at the same time allowing Volvo Aero Services to supply British Airways with inventory from the aftermarket which will support its current and future requirements at reduced cost.

The inventory that is subject to this agreement is a mix of used and new parts from both aircraft and aircraft engines from new generation equipment such as Boeing B777, B767, B757, B737 and B747-400.

Volvo Aero Services' proven inventory analysis and sales distribution network, as well as its reputation for unsurpassed quality standards, was a key factor in the selection of Volvo Aero Services to maximise the value of the inventory from British Airways.

The agreement will come into effect during the first quarter of this year. Volvo Aero Services will utilize its 200,000 square foot distribution centre in Seattle that has been established together with Boeing to redistribute the material to its worldwide customer base.

"It is truly an honor to be selected as a business partner by British Airways and we look forward to a long and mutually beneficial relationship," says Claes Malmros, President of Volvo Aero Services.

Silla Maizey, Procurement Director at British Airways said "We chose to enter this long-term relationship with Volvo Aero Services following a strategic review of the way we make our surplus inventory available to the spares aftermarket. Our Strategic Selling process identified Volvo Aero Services as the partner that could deliver the optimum value to British Airways."

British Airways, a leading global airline and the biggest in Europe, has a fleet of about 300 aircraft.

Volvo Aero Services LP is the aviation service provider within Volvo Aero. The company has previously signed agreements with e.g. Boeing, American Airlines and Northwest Airlines regarding distribution of surplus spare parts.

Additional information on the company is available on the Internet at www.volvaaero.com.

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Volvo Aero develops and manufactures components for aircraft and rocket engines with a high technology content in cooperation with the world's leading producers. Volvo Aero offers an extensive range of services, including sales of spare parts for aircraft engines and aircraft, sales and leasing of aircraft engines and aircraft, as well as overhaul and repair of aircraft engines. Volvo Aero is part of the Volvo Group, one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and service.