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Vasakronan improves terms for lenders

Vasakronan is establishing a change of control clause in all loan agreements that grant lenders the right to request premature repayment of loans, if the Swedish government's ownership interest should fall below 51 percent. Vasakronan will withdraw its rating at Standard & Poor's and, accordingly, is offering to repurchase bonds.

Vasakronan's borrowing, which amounts to about SEK 15 billion, is mainly on the Swedish capital market. The credit rating from Standard & Poor's is BBB, stable outlook.

A change of control clause that strengthens the lenders' rights is being established in all loan agreements, including bank financing. The clause means that lenders have the right to request premature repayment of loans, if the ownership interest of the Swedish government should fall below 51 percent. Vasakronan is wholly owned by the Swedish government. The Swedish government's long-term ambition with the ownership in Vasakronan is to support the company's development to create the best possible value trend.

"In our opinion, the change in terms strengthens the lenders' position and flexibility, which should be viewed as positive among our lenders," says Håkan Bryngelson, President of Vasakronan. "The establishment of the ownership clause is not due to the owner having indicated any change in its view of Vasakronan."

When the ownership clause has been added to all loan agreements, Vasakronan will withdraw its rating at Standard & Poor's, which is expected to occur in March 2005. The capital market will also continue to be the most important financing source in the future.

"Establishment of an ownership clause will not result in a higher rating from Standard & Poor's. Our assessment is that the lenders' strengthened rights would not be apparent if Vasakronan would retain its rating," comments Björn Lindström, CFO at Vasakronan.

During the period November 16-30, 2004, Vasakronan will offer to repurchase MTN bonds outstanding, with closing date November 30. The purpose is to provide those investors who do not have the possibility to invest in bonds without ratings the opportunity to sell back the bonds.

Vasakronan is informing noteholders under the MTN-programme directly about the change via the Swedish Securities Register Center (VPC). A presentation will be held on Monday, November 15, 2004 at 12:00 noon at Operaterrassen in Stockholm. Registration to attend can be made at +46 8-783 2129, or to annette.holmberg@vasakronan.se.

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