AB Volvo

Press information

Department of Energy and the Swedish Energy Agency expand cooperation with Volvo concerning advanced drivelines

The government of the United States and the Swedish State intend to extend their cooperation with the Volvo Group concerning development of alternative drivelines. The consequences of the extended cooperation include the US Department of Energy, DoE, and the Swedish Energy Agency providing a three-year grant to the Volvo Group in a combined amount of USD 18 M for the development hybrid technology and drivelines for alternative fuels.

The cooperation will have a duration of three years and is an extension of the one-year research and cooperation agreement signed between the Volvo Group and the Swedish and US governments in June 2007. The cooperation is aimed at reducing heavy vehicles' use of fossil fuels through research and development projects in the areas of energy efficiency, drivelines for alternative fuels and hybrid solutions.

"The climate issue and increasing fuel prices make energy use and energy efficiency some of the most important societal issues of our time. The transportation industry has a special responsibility and this research and development co-operation with the U.S. Government is crucial in our efforts to develop the drivetrains and technology required by both our customers and society as a whole", says Leif Johansson, CEO of the Volvo Group.

The US government and the Swedish Energy Agency intend to each invest a total of USD 9 M during the three years that the cooperation will be under way. The Volvo Group for its part has undertaken to invest an amount corresponding to USD 18 M, which means that the total investment in research and development within the framework of the cooperation agreement amounts to USD 36 M. As a result of the agreement signed last year, the Volvo Group is already involved in a number of projects. For example, the Volvo Group subsidiary Mack Trucks is participating.

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The Volvo Group is 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. The Volvo Group, which employs about 100,000 people, has production facilities in 19 countries and sells their products in more than 180 markets. Annual sales of the Volvo Group amount to about SEK 285 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on OMX Nordic Exchange Stockholm.

AB Volvo (publ) may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 16.30 p.m. June 30, 2008.

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