MARCUS WALLENBERG AT THE PRESS CONFERENCE OF AUG. 6, 1999

"We are very pleased at Investor with the agreement that we have now reached with Volvo. The reason for the transaction being conducted today is that we are in agreement on the valuation of Scania and we have, to a considerable extent, the same perception of the synergy effects that can be achieved by bringing the two companies together.

"Long-term, and certainly before the development of the next generation of motors, trucks and buses within five to six years, we felt that it would be advantageous for Scania to collaborate or merge with some competitor. The reason is that each new product generation is more costly to develop as well as the fact that the trucking industry is being globalized. Scale advantages are becoming more and more and important and global strength becomes important. Even if Scania has been well positioned for the coming years, consolidation of the truck industry is taking place now. Different parties have shown an interest in Scania , not least Volvo which bought a minority block of shares at the beginning of the year.

"Short-term, we have been eager to see Scania show a profit boost following the product introductions that were made. We were eager for Scania's market valuation to reflect this earnings capacity. With the release of the second-quarter earnings report today, Scania has shown that once again it is well on the way back to its good old form.

"Our belief in this merger is demonstrated by the fact that we are using 40 percent of the payment we have received to acquire shares in the merged company. The combined Volvo-Scania fulfills very well Investor's investment criteria regarding industry leadership, growth, investment return and the possibility for active ownership.

"Both Volvo and Scania are very solid trademarks. Scania will be a separate unit in Volvo side by side with Volvo trucks. The trademark and dealership network will be separate. The new company will be one of Europe's largest truck manufacturers and the second-largest in the world. The new company will also have a leading position when it comes to manufacture of integrated trucks, which is of crucial significance for achieving advantages of scale on the components side.

"The transport sector generally has stronger growth, compared with GNP. Growth in the truck sector is to be found, above all, in the new geographic markets, for example, East Europe, and in the new service concepts. Both Scania and Volvo are well positioned in these areas. The improved costs position will also generally reinforce the company's competitive strength and provide possibilities for increased market share in the long run.

"As for investment return, Scania continues – and has been for a long time now – to be in a class by itself. Technologically, the company is a leader in its field. Through "best practice" and through its use of economies of scale, I am convinced that the new company will have an earnings capacity that corresponds ideally to our demands for investment return.

"The Board placement we are acquiring in Volvo is in keeping with our desire for owner influence.

"Naturally, there are elements of risk in all corporate mergers. These give rise to fears concerning earnings as well as the likelihood of reduction of the workforce in Sweden. Our judgement is that management is well aware of these risks and will do its utmost to limit any eventual drop in earnings.

"All in all, I am very pleased with the outcome of this transaction. We become a major owner in a company that, in line with our thinking, has very good prospects for the future. At the same time Investor liberates more than 10 billion kronor for business in other areas with rapid growth, in addition to the close to 7 billion kronor that was freed up in conjunction with the exercise of options in June this year."