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DEARBORN, Mich., March 28 /PRNewswire-FirstCall/ -- Ford Motor Company (NYSE: F) announced it has entered into a definitive agreement to sell Volvo Car Corporation and related assets to Zhejiang Geely Holding Group Company Limited. The sale is expected to close in the third quarter of 2010, and is subject to customary closing conditions, including receipt of applicable regulatory approvals. The purchase price for Volvo Cars and related assets (primarily intellectual property) is \$1.8 billion (U.S.), which will be paid in the form of a note in the amount of \$200 million (U.S.), and the remainder in cash. The cash portion of the purchase price will be adjusted at close for customary purchase price adjustments relating to pension deficits, debt, cash and working capital, the net effect of which could be a significant decrease in the cash proceeds to Ford.

"Volvo is a great brand with an excellent product lineup. This agreement provides a solid foundation for Volvo to continue to build its business under Geely's ownership," said Alan Mulally, Ford's president and CEO. "At the same time, the sale of Volvo will allow us to further sharpen our focus on building the Ford brand around the world and continue to deliver on our One Ford plan serving our customers with the very best cars and trucks in the world."

Ford will continue to cooperate with Volvo Cars in several areas after the sale has been completed in order to ensure a smooth transition, but will not retain any ownership in the Volvo Cars business. Following completion of the sale, Ford will continue to supply Volvo Cars with, for differing periods, powertrains, stampings and other vehicle components.

As part of the sale, Ford also has committed to provide engineering support, information technology, access to tooling for common components, and other selected services for a transition period to ensure a smooth separation process.

SOURCE Ford Motor Company

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