



For Immediate Release:

Eicher Motors Limited and AB Volvo sign Letter of Intent to form Joint Venture

New Delhi, 12 noon, December 10, 2007:

Eicher Motors Limited (EML) and AB Volvo (Volvo) have signed a Letter of Intent (LOI) for the formation of a Joint Venture company in a step down subsidiary of EML. The Commercial Vehicles Business (along with Components and Engineering Design Services Business) is proposed to be divested to this subsidiary. Volvo's Indian truck sales and service network would also become part of this subsidiary.

"This is a win-win deal," says EML's CEO and Managing Director, Siddhartha Lal. "We are looking forward to working with Volvo and to become a member of the largest global commercial vehicle alliance in the world. With Volvo's strong brand recognition and financial strength, and its support in products, technology and distribution, we will be well positioned to further develop our brand and product offering in India."

Salient features of the LOI:

1. The CV business of EML along with related components and design services business to be transferred into a new step down unlisted subsidiary company at an enterprise value of USD 506 million.
2. Volvo will invest a total of USD 350 million in the JV Company, USD 275 million in cash and its Indian truck dealer and service network valued at USD 75 million.
3. The JV will be a subsidiary of EML, where EML will hold 54.4% of the equity and consolidate the JV's financials with EML. AB Volvo will hold 45.6% of the equity of the JV.
4. The JV will also include the truck distribution network of Volvo Group and will have exclusive distribution rights in India for all present and future trucks of AB Volvo.
5. All future projects in India for trucks to be routed through the JV Company by Volvo subject to agreement on terms and conditions.
6. The JV Company would be jointly managed by EML and Volvo on equal shared control basis.
7. Volvo will acquire 8.1% stake in EML from EML promoters.
8. Volvo's economic ownership of the step down subsidiary Company would be 50%.

Comments and perspectives:

According to Mr. Jorma Halonen, Executive VP & Deputy CEO, AB Volvo, "Eicher is an ideal partner for Volvo in the Indian market. It is a well-managed company, with solid management personnel and highly valuable knowledge about the demands and needs of the Indian market as well as a promising focus within heavy trucks. Adding further, Mr. Halonen - who is responsible for the Volvo group's expansion in Asia - said that "Volvo Group's financial strength and expertise within the heavy truck segment will provide the joint venture company extremely favorable conditions to improve an already strong position in the medium-heavy segment and at the same time to become a leading player in the growing heavy segment in the Indian market."

Mr. Siddhartha Lal further said, "Eicher's aim has been to become a leading full-range commercial vehicle player in India and eventually in other developing markets. We already have a strong presence in the light and medium duty markets and have been making a strong push into the heavy commercial vehicle market. The proposed partnership with Volvo is very opportune and timely in our quest to strengthen our position in the Indian HCV market which recorded sales of over 220,000 vehicles last year with a revenue of around Rs.30,000 crores. A large cash infusion by Volvo will give the joint-venture strong financial strength to be able to pursue an aggressive focus on the heavy segment. As a world leader in the heavy truck segment, Volvo's support in the joint-venture's products, technology, marketing and global distribution will position us very well to enhance our brand and product offering in India."

The parties' intent is to immediately combine and establish a joint service and dealer network for trucks in India, while initiating joint projects within product development and purchasing.

The LOI is non-binding in nature and both companies will from now onwards initiate negotiations regarding final definitive agreements. Implementation of the transaction requires the approval of the relevant government authorities', Board of Directors and the shareholders of EML. The transaction is expected to be completed before mid-year 2008.

About Eicher Motors Limited:

Eicher Motors was founded in 1982 to manufacture a range of reliable, fuel-efficient commercial vehicles of contemporary technology. As a significant player of the Indian automobile industry, it is involved in the design, manufacture and marketing of commercial vehicles, motorcycles (Royal Enfield), components as well as providing engineering solutions.

<http://www.eicherworld.com>

About AB Volvo:

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 USD 39.43 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on the Stockholm stock exchange and on NASDAQ in the US.

<http://www.volvo.com>

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All statements included or incorporated by reference in this media release, other than statements or characterizations of historical fact, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Although EML believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Any forward-looking statement speaks only as of the date on which such statement was made, and EML undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

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