

For Immediate release:

VE Commercial Vehicles Limited (VECV) to be the global manufacturing hub and industrial base for Euro 3, Euro 4, Euro 5 and Euro 6 medium-duty base engine requirements of the Volvo Group

“This is possibly the largest such project in India and certainly the most technologically advanced – as we will be producing base engines capable of Euro 6 emission norms. This will catapult VECV into one of the largest commercial vehicle engine manufacturers in India and will give us capability well beyond any of our competitors.”

- Siddhartha Lal, MD & CEO, VE Commercial Vehicles

New Delhi, June 11, 2010:

In a **global first initiative**, VE Commercial Vehicles (VECV) today announced an investment of **2,880 MINR** (million Indian rupees) in its Pithampur plant for the production and final assembly of the Volvo group’s new global medium-duty engine platform.

According to **Par Ostberg, President, Trucks Asia, Volvo Group and Chairman, VE Commercial Vehicles**, *“This investment by VECV in its Pithampur plant gives the Volvo group a complete facility in India for manufacturing and assembling the new medium-duty engine which will be introduced in the Volvo group’s trucks and buses worldwide over the next few years. Additionally, these engines will also be used for Eicher’s range of heavy-duty commercial vehicles.”*

Due to this investment, it will be possible for the Volvo Group to locate most of its production of medium-duty engines to VECV’s plant in Pithampur. VECV has an established and extensive supplier base in India with efficient purchasing channels and is already producing about 40,000 engines per year in its existing Pithampur plant. The new investment in Pithampur will result in an annual production capacity of an additional 85,000 engines. In addition to production of the base engine itself, the facility in Pithampur will also conduct final assembly of engines for India and all of Volvo Group’s global markets with Euro 3 and Euro 4 emission requirements.

According to **Siddhartha Lal, MD & CEO, VE Commercial Vehicles**, *“VECV has been entrusted with building the medium-duty engine for Volvo group’s global requirements at our facility in Pithampur. This is possibly the largest such project in India and certainly the most technologically advanced – as we will be producing base engines capable of Euro 6 emission norms. This will catapult VECV into one of the*

largest commercial vehicle engine manufacturers in India and will give us capability well beyond any of our competitors. The very high quality and durability requirements of the Volvo group, such as a million kilometer duty cycle for such an engine, will allow us to also give the Eicher brand heavy-duty customer a level of reliability and asset life that is unparalleled in India. This will be another large step towards our vision of becoming a leading CV player in India and other emerging markets by driving modernisation in commercial transportation.”

In addition to VECV’s investment in India, the Volvo group is making an additional investment of **2,766 MINR** (million Indian rupees) in Volvo Powertrain’s (VPT) production plants in Ageo, Japan and Venissieux, France.

The new medium-duty platform comprises 5, 7 and 8-litre engines in configurations from 215 to 350 horsepower. The engines are based on the Volvo Group’s new PSS engines and will be manufactured to cope with emission requirements according to the Japanese PNLT (Post New Long-Term), the US EPA 2010, as well as Euro 3, 4, 5 and Euro 6. The 5 and 8-litre engines will be produced and assembled in India while the 7-litre engine will be produced and assembled only in Japan.

Flow-charting the synergies between VECV & VPT for Volvo group’s medium-duty engine platform:

1. Pithampur will be the industrial base for the manufacture of medium duty base engines; capacity of 85,000 base engines per year; starting 2012.
 - a) of this count, Pithampur will also do the final assembly of 55,000 engines per year; starting 2012. These will meet the Volvo group’s global requirements of Euro 3 and Euro 4 engines as well as VECV’s requirement of Eicher heavy-duty commercial vehicles.
 - b) of this count, 30,000 base engines will be sent from Pithampur to VPT’s plant in Venissieux, France where these base engines will be assembled for the Volvo group’s Euro 5 and Euro 6 requirements; starting 2013.
2. Ageo, Japan has an independent capacity of 25,000 base engines and final assembly, so as to meet the Japanese PNLT requirements; starting 2010.

According to **Peter Karlsten, President, Volvo Powertrain**, *“A global manufacturing hub at VECV’s Pithampur plant is an excellent example of how the Volvo group can leverage its global presence to reduce costs for engine manufacture while making maximum use of its industrial strength. VECV already has a robust supply chain network and with this new development, VECV becomes integrated with the Volvo Group’s global supply chain.”*

Leif Johansson, CEO, Volvo group, adds, *“With the medium-duty engine platform, the Volvo Group will now have an engine platform that combines the latest in Japanese technology with India’s highly competitive production cost. Asia is an increasingly important market for the Volvo Group, with excellent growth prospects and this investment means that we will have even better possibilities of developing products adapted for this part of the world, thereby allowing us to capitalize on this growth. By gathering base engine production in India, it will be possible for us to meet the Group’s need for cost-efficient medium-duty engines in Asia, while also contributing to an increase in our competitiveness in the medium-duty segment in other markets.”*

Concurs **Siddhartha Lal**, *“The medium-duty engine project exemplifies a perfect fit for synergies between VECV and the Volvo group. With this development, VECV will become one of India’s largest and the most*

technologically advanced engine manufacturer. With the production of base engines for Euro 6 requirements, VECV will be future ready for the year 2020 and beyond. ”

About VE Commercial Vehicles Ltd (VECV):

VE Commercial Vehicles Limited (VECV) is a 50-50 joint venture between the Volvo Group and Eicher Motors Limited. In operation since July 2008, the company includes the complete range of Eicher trucks and buses, Eicher’s components and engineering design services businesses as well as the sales and distribution business of Volvo trucks within India. VECV aims to become a full-range commercial vehicle company whose products will drive modernization in commercial transportation in India and other emerging world markets.

www.vecv.in

About the Volvo Group (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 90,000 people, has production facilities in 19 countries and sells their products in more than 180 markets. In 2009 annual sales of the Volvo Group amounted to about SEK 218 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on OMX Nordic Exchange Stockholm.

www.volvogroup.com

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