

**Issuer Comment: MAN AG**

**Moody's comments on MAN's announcement to buy VW Truck & Bus, Brazil**

Moody's Investors Service commented on MAN's announcement to acquire the Brazilian Truck and Bus business (Volkswagen Caminhoes e Onibus Industria e Comercio de Veiculos Ltda ("VW CO")) from Volkswagen.

Falk Frey, Senior Vice President and lead analyst at Moody's for the European automotive sector, said: "The acquisition of VW CO for an enterprise value of nearly €1.2 billion will - on its own - not result in a rating change. Nonetheless, the significant cash outflow clearly weakens MAN's positioning in the A3 rating category."

In addition, the weakening comes at a time when truck market demand is facing a severe decline in Europe, MAN's key markets, in the coming months as evidenced by the decline in the company's order intake in Q3 2008 by 30% yoy. Furthermore, the Brazilian economy shows clear signs of weakness and VW CO could face a severe and prolonged downcycle with depressed operating performance.

Moody's also notes that the VW CO has a strong competitive position leading the market for Trucks above 5 tons in Brazil. Also, the VW CO and MAN complement each other with their product offering and some potential for synergies could be reaped medium- to long term.

Moody's assumes conservative financing arrangements that would preserve MAN's liquidity profile given current limited funding availability.

Headquartered in Munich, Germany, MAN manufactures trucks, buses, diesel engines and turbo machinery besides providing financial services. In FY2007 MAN Group generated sales of €15.5 billion and an operating profit of €1.7 billion.

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