

VOLKSWAGEN TRUCK & BUS

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Volkswagen Truck & Bus enters into strategic alliance with Navistar

- **Volkswagen Truck & Bus has agreed to subscribe to a capital increase of US-based commercial vehicles manufacturer Navistar International Corporation, resulting in a 16.6% stake of the outstanding shares**
- **The two companies will pursue a strategic technology and supply cooperation and establish a procurement joint venture**

Braunschweig, September 6, 2016 – Volkswagen Truck & Bus GmbH (“Volkswagen Truck & Bus”) and Navistar International Corporation (“Navistar”), the US-based commercial vehicles manufacturer, today announced that they have formed a far-reaching alliance that includes framework agreements for a strategic technology and supply cooperation and a procurement joint venture. Volkswagen Truck & Bus will furthermore acquire a 16.6% equity stake in Navistar through a primary share issuance.

With the completion of this transaction, Volkswagen Truck & Bus, which includes the brands MAN, Scania, and Volkswagen Caminhões e Ônibus, will gain access to the key North American market, where it was not previously represented. Andreas Renschler, CEO of Volkswagen Truck & Bus and member of the Board of Management of Volkswagen AG responsible for commercial vehicles, said: “Closer collaboration among our existing brands was a top priority for our commercial vehicles business and we are well on track in this context. We are now taking the next step on our way to becoming a Global Champion in the commercial vehicles industry. The strategic alliance with Navistar is an important milestone and will be very beneficial for both sides.”

“We are very pleased to partner with a global leader who shares our view of the world, in an alliance that will deliver multiple benefits and is consistent with our open-integration strategy,” said Troy Clarke, President and CEO of Navistar. “Starting in the near term, this alliance will benefit our purchasing operations through global scope and scale. Over the longer term, it is intended to expand the technology options we are able to offer our customers by leveraging the best of both companies and enabling Navistar to deliver enhanced uptime. Volkswagen Truck & Bus’s equity investment will strengthen our liquidity position and expand our financial flexibility, while aligning us with a valuable strategic partner.”

Volkswagen Truck & Bus will purchase from Navistar newly issued common shares representing, pro forma for such issuance, a 16.6% stake in Navistar for a price per share of \$15.76 and an aggregate purchase price of approximately \$256 million (or approximately €229 million at current exchange rates). In connection with this investment, Volkswagen Truck & Bus will be represented on Navistar’s Board of Directors. In addition, both companies have agreed to collaborate closely.

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Matthias Gründler, CFO of Volkswagen Truck & Bus, said: “Our collaboration, especially with regard to the powertrain, will considerably increase our synergy potential. Navistar will be able to profit from excellent powertrain technologies and we, in turn, will benefit from significantly higher volumes. Initiating this strategic alliance now will enable us to implement the requirements of Navistar into our joint component platforms from the get-go.”

With the strategic technology and supply cooperation, Volkswagen Truck & Bus will become one of Navistar’s most important technology partners. While the partnership will focus on common powertrain systems, it will also enable collaboration in many aspects of future commercial vehicle development.

Additionally, Volkswagen Truck & Bus and Navistar have agreed to establish a procurement joint venture that will pursue joint global sourcing opportunities.

The strategic alliance will receive oversight from an Alliance Board consisting of top-level representatives from both sides.

Under the umbrella of Volkswagen Truck & Bus, Andreas Renschler has been heading the process of bundling medium- and heavy-duty trucks and buses of Volkswagen AG into a robust commercial vehicles group. The Company’s strategy includes plans to expand into new regions. Within the next decade, Volkswagen Truck & Bus aims to become a worldwide leading commercial vehicles group in terms of profitability, innovations for its customers and global presence.

The closing of the transaction and the implementation of the strategic alliance is subject to certain regulatory approvals and other customary closing conditions. The closing of the share acquisition by Volkswagen Truck & Bus is further subject to the finalization of the agreements governing the procurement joint venture and of the first contract under the technology and supply cooperation. Closing is expected to be completed in late 2016 or early 2017. Volkswagen Truck & Bus was advised by Rothschild as financial advisor, and Davis Polk & Wardwell LLP, CMS Germany and Bär & Karrer as legal advisors.

An official announcement conference call will be conducted on September 6, 2016 at 2.30 p.m. (CEST), which will be audiocast live at www.volkswagenag.com/ir/truckandbus.

Volkswagen Truck & Bus GmbH is a wholly-owned subsidiary of Volkswagen AG and is a global leader in commercial vehicles with its brands MAN, Scania, and Volkswagen Caminhões e Ônibus. In 2016, the brands of Volkswagen Truck & Bus sold a total of 184,000 vehicles. Its product range includes light-, medium- and heavy-duty trucks as well as vans and buses that are manufactured at 25 sites in 17 countries. As of December 31, 2016, the Company employed 77,000 people at all commercial vehicle brands worldwide. The Group is committed to driving transportation to the next level — in terms of products, services, and as a partner for its customers.

Navistar International Corporation (NYSE: NAV) is a holding company whose subsidiaries and affiliates produce International® brand trucks, proprietary diesel engines, and IC Bus™ brand school and commercial buses. An affiliate also provides truck and diesel engine service parts. Another affiliate offers financing services. Additional information is available at www.Navistar.com.