



Volkswagen Group of America - Business and Product Update including Preview of the All-New Jetta

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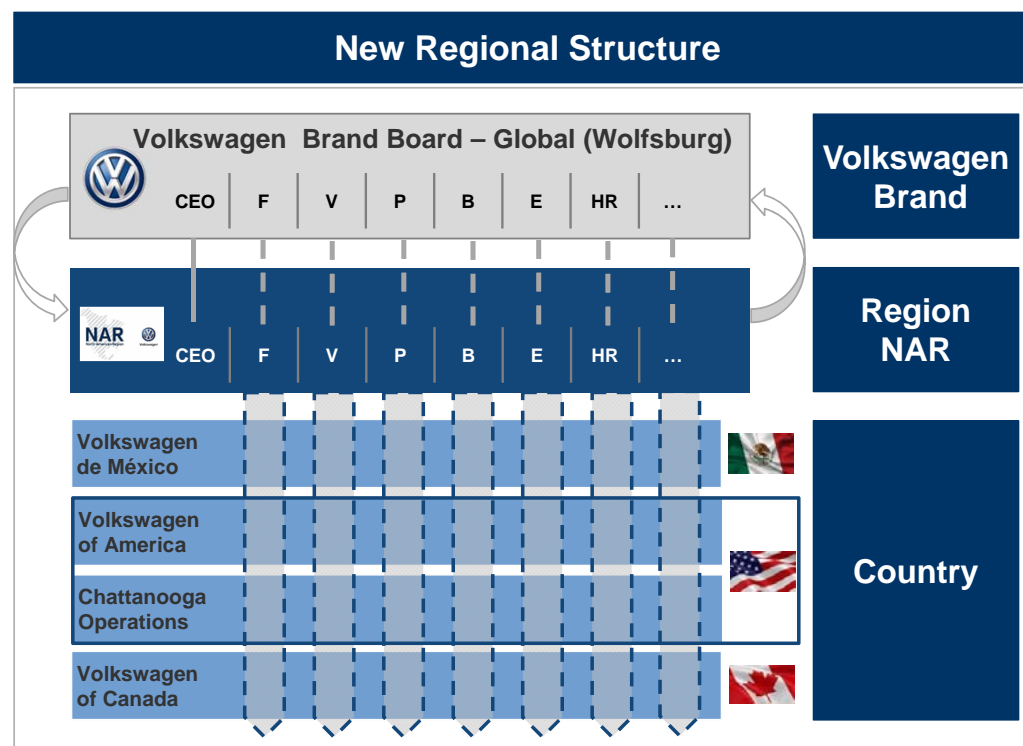
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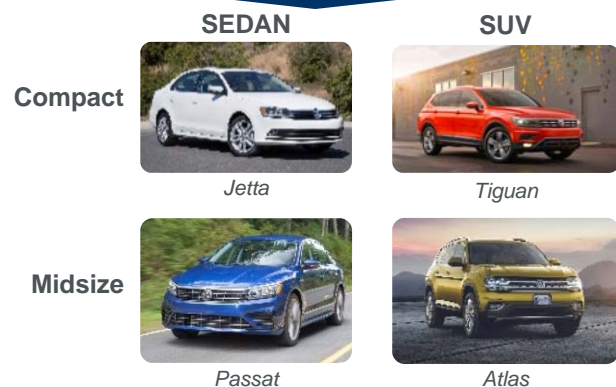
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Empowered local Management, increases decision-making autonomy and customer focus based on local requirements



US Portfolio Strategy: Growing in core segments, optimization and a major transfer to electrification

Strengthening position in core segments



- Compact/Midsize SUV and Sedan with >1m units per segment
- Best in Class B-to-B Warranty successfully launched
- Competitive Pricing strategy to be implemented by MY19 for all core models
- Localized production and shorter life cycles

➔ Improved customer value and strengthened sweet-spot positioning

Enlarging Product portfolio and optimizing powertrain



- Core segments / SUV-offensive
 - launches in 2017 **Atlas** and **Tiguan LWB**
- **Midsize-SUV 5-seater** and **Compact SUV** derivate to double up in Compact - and Midsize-SUV segments
- **Streamlining / Downsizing** of engine and transmission portfolio

➔ Healthy product portfolio as basis for profitable growth plans

Transfer to Electrification / new customer experience



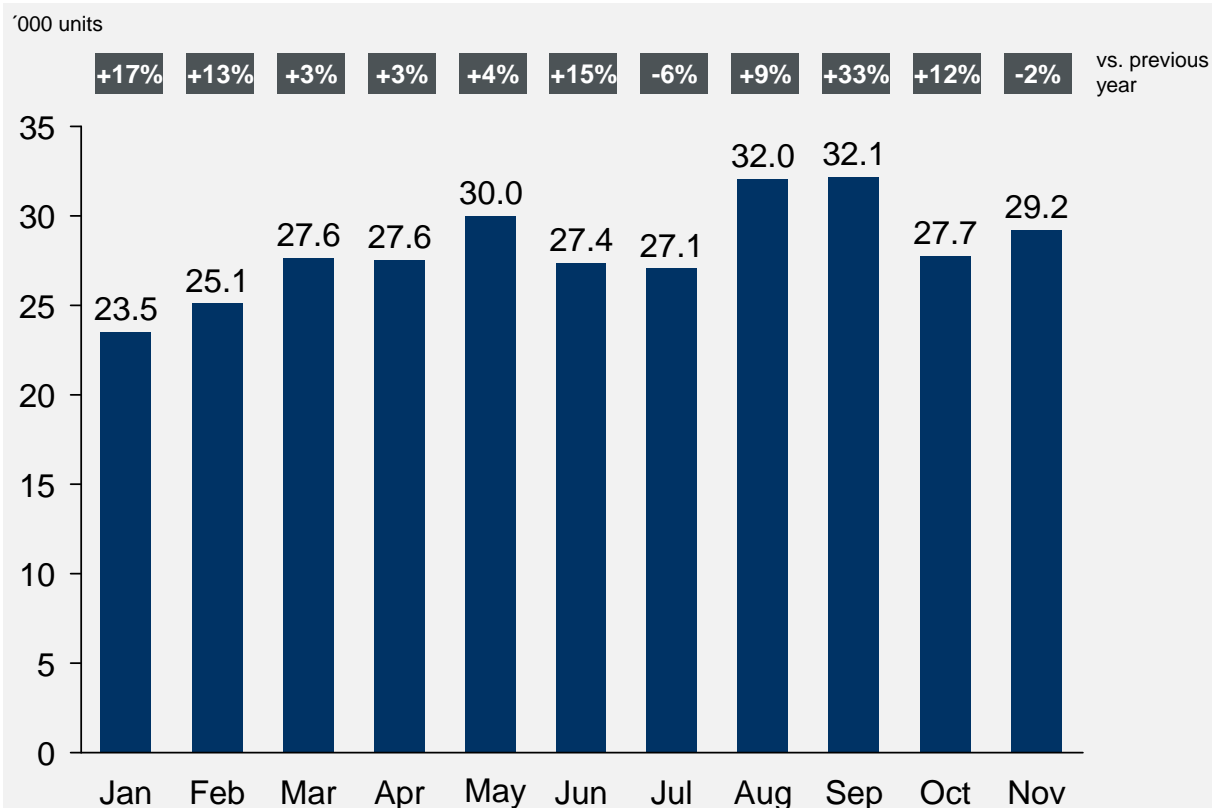
- Introduce MEB BEVs as key pillar of brand transformation
- Competitive HEV powertrains to contribute to compliance and to support smooth transition to electrification

➔ E-Mobility rollout

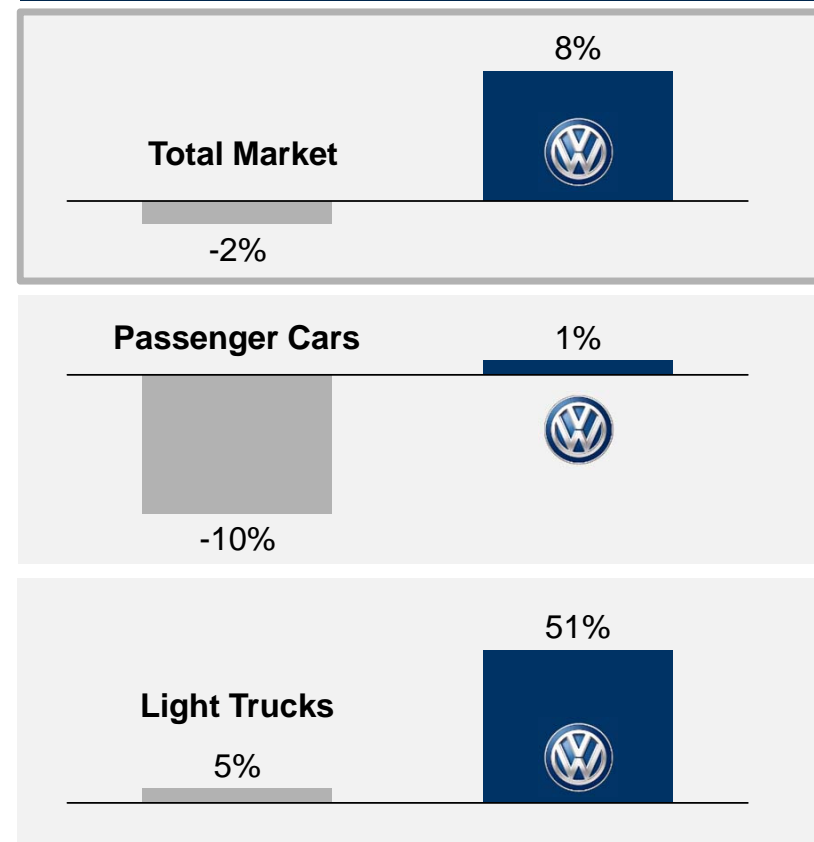
Strong profitable product cadence, compliance and successful transformation into e-mobility

Volkswagen with strong performance in the period until November 2017

Monthly Volkswagen Sales Performance 2017 versus 2016



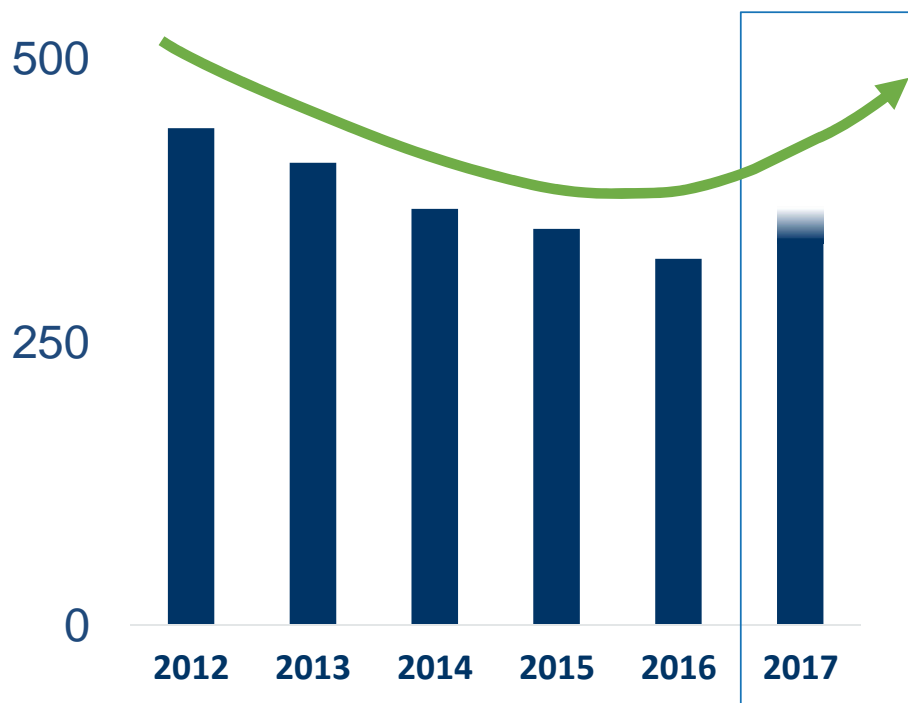
Industry versus Volkswagen YTD¹⁾



¹⁾ Period from January to November 2017 compared to same period of previous year

Volkswagen brand – starting the turnaround in the US with several new products in 2017

Deliveries to US customers, '000' units



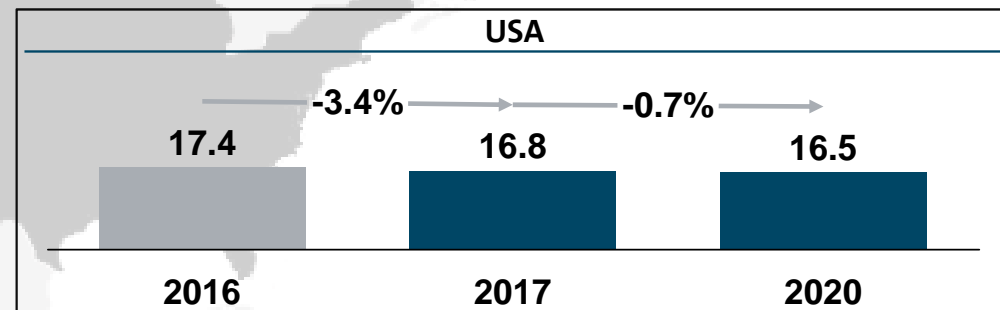
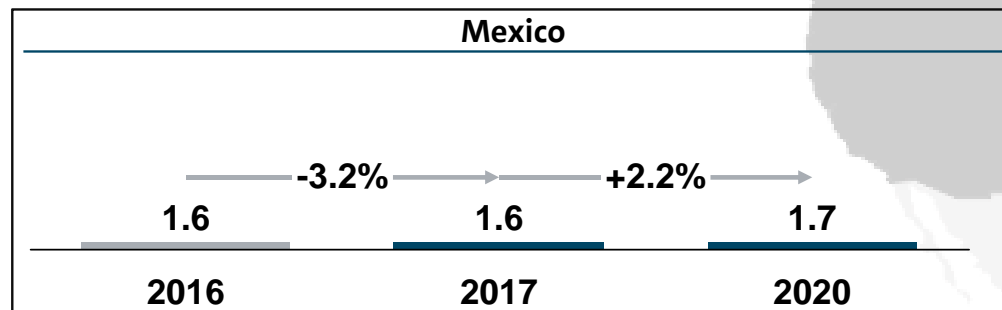
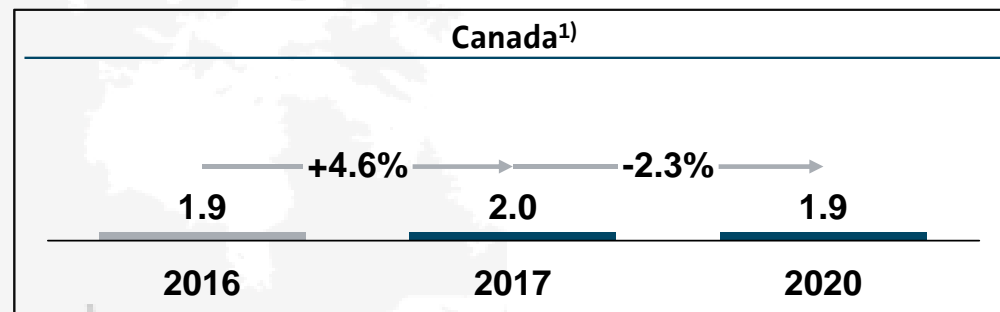
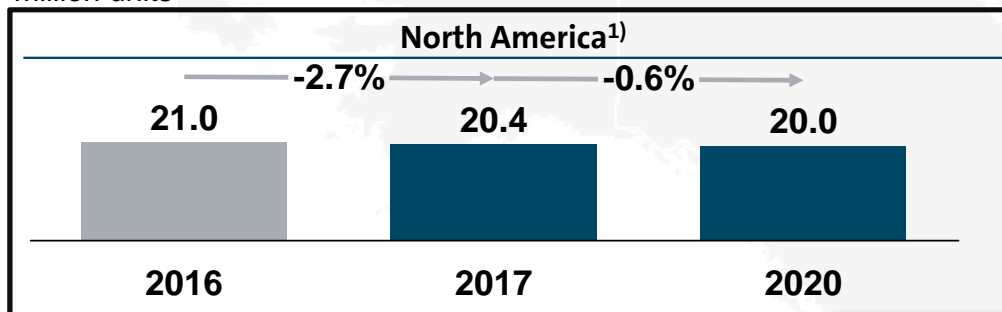
SUV offensive #1	New Sedans	SUV offensive #2
<p>2017</p>  <p>Atlas</p>  <p>Tiguan</p> <hr/>  <p>Refreshed Golf</p>	<p>2018-19</p>  <p>Jetta</p>  <p>Passat</p> <hr/> <p>Halo</p>  <p>Arteon</p>	<p>2019-21</p>  <p>Midsize SUV 5s</p>  <p>Compact SUV</p>  <p>MEB SUV</p>

At least 2 major product launches per year to ensure continuous product news and sustainable growth

North American Market 2017/2020¹⁾

Stagnation in USA and Canada is expected, however at a high level; Mexico will probably increase slightly

million units



■ Actuals ■ Forecast

Positioned for success: Jetta`s competitiveness significantly improved - trigger points match Volkswagen brand values

SMART TO OWN

- Customer value improved with competitive pricing and optimized vehicle content: majority of volume in A-sedan sweet spot
- Perceived reliability improves with 6-year Bumper-to-Bumper Warranty
- Improved fuel consumption contributes to achieving Total Cost of Ownership on par with competitors (in Top 3)

The People First Warranty
6 Yrs/72k Mi • Bumper-to-Bumper • Limited Warranty

FUN TO BE IN



WELL CRAFTED

- Combination of progressive design and everyday usability with a high quality touch and feel
- Shorter lifecycle to match competitors and finance cycles
- The only German-engineered sedan in the segment



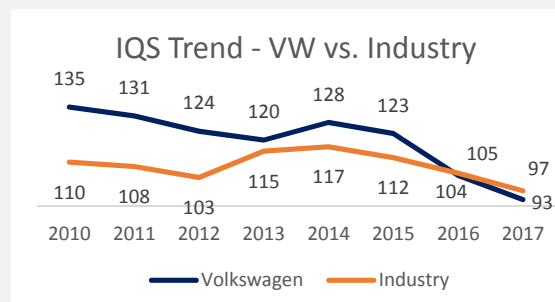
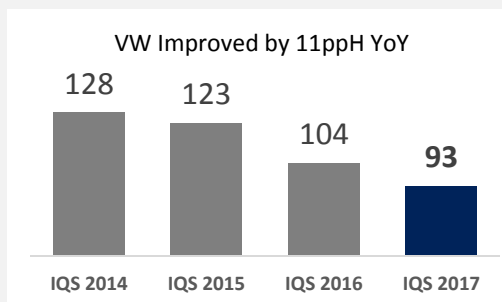
- Advanced technology offered with BIC connectivity & infotainment
- Innovative standard safety and driver assistance features, e.g. Front Assist & Blind Spot detection
- Enhanced driving dynamics and superior comfort features



Volkswagen brand quality ratings improve supported by Jetta

2017 J.D. Power Initial Quality Study (IQS)

- Jetta second best model in the compact segment (out of 17)
- Jetta improved by 18 problems per 100 vehicles (18%) to 82 ppH
- Jetta receives all 5 Power Circles (rated “Among the Best”) for Overall Quality, Mechanical Quality, Interior and Exterior Quality

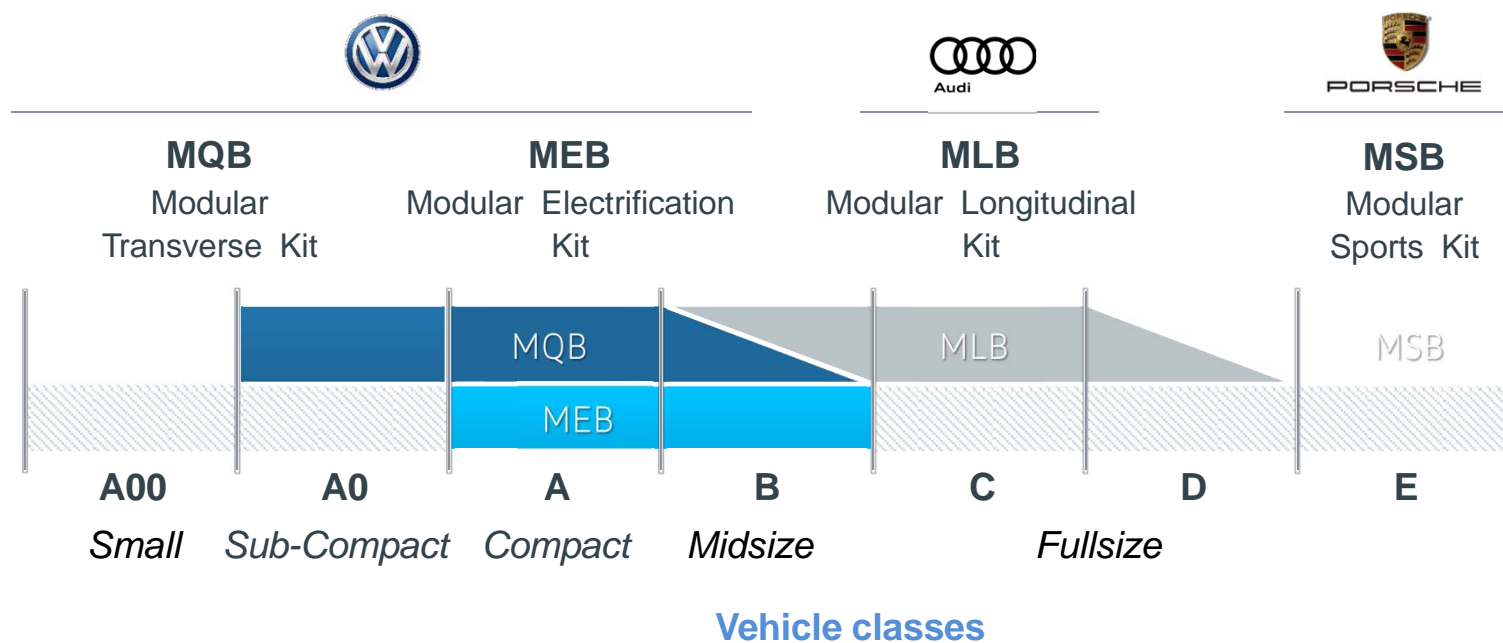


2017 J.D. Power Vehicle Dependability Study (VDS)

- Jetta's dependability improved 11% YoY, now above industry average



Responsibilities for Toolkit Architecture shared within the Volkswagen Group

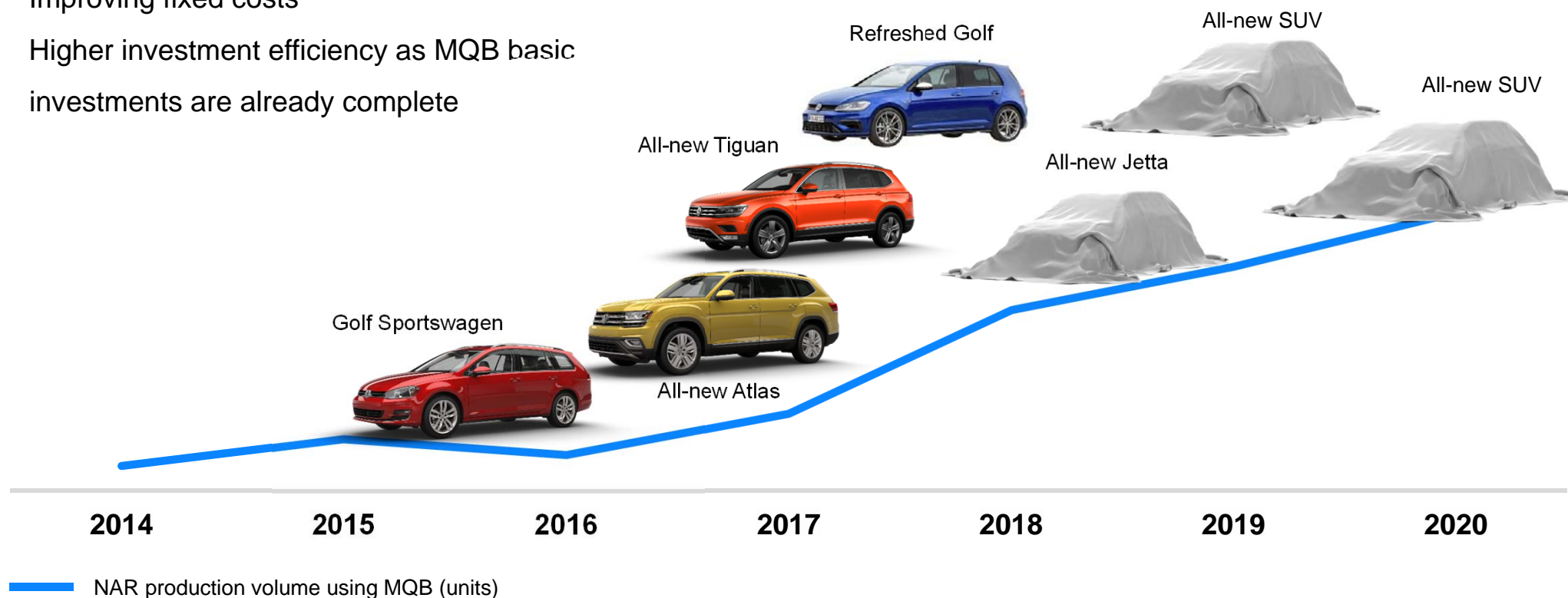


Range of MQB: From Sub-Compact (Polo) up to Midsize-SUV (Atlas)

Rollout of MQB in the North American region to realize economies of scale and efficiencies

Local MQB production is increasing from around 10% to > 80% midterm, positive impacts:

- Increasing capacity utilization
- Improving fixed costs
- Higher investment efficiency as MQB basic investments are already complete



In international comparison, the U.S. have the strictest, most complex fuel economy regulations



Legislation	One regulation for CO ₂	Two regulations: GHG (CO ₂) and CAFE (fuel economy)	One regulation for CO ₂
Parameter	Mass [kg]	Footprint [ft ²]	Mass [kg]
Unit	[g/km]	[g/mile and mpg]	[l/100km]
Penalty	95€ per gram over the limit per vehicle	GHG: Negative account for more than 3 years: homologation stop CAFE: \$140 per mpg*	Name & Shame List, Homologation stop

* Subject of mid-term review in 2018

Upstream regulation adds CO₂ value to electric vehicles



All electric vehicles with 0 g/km

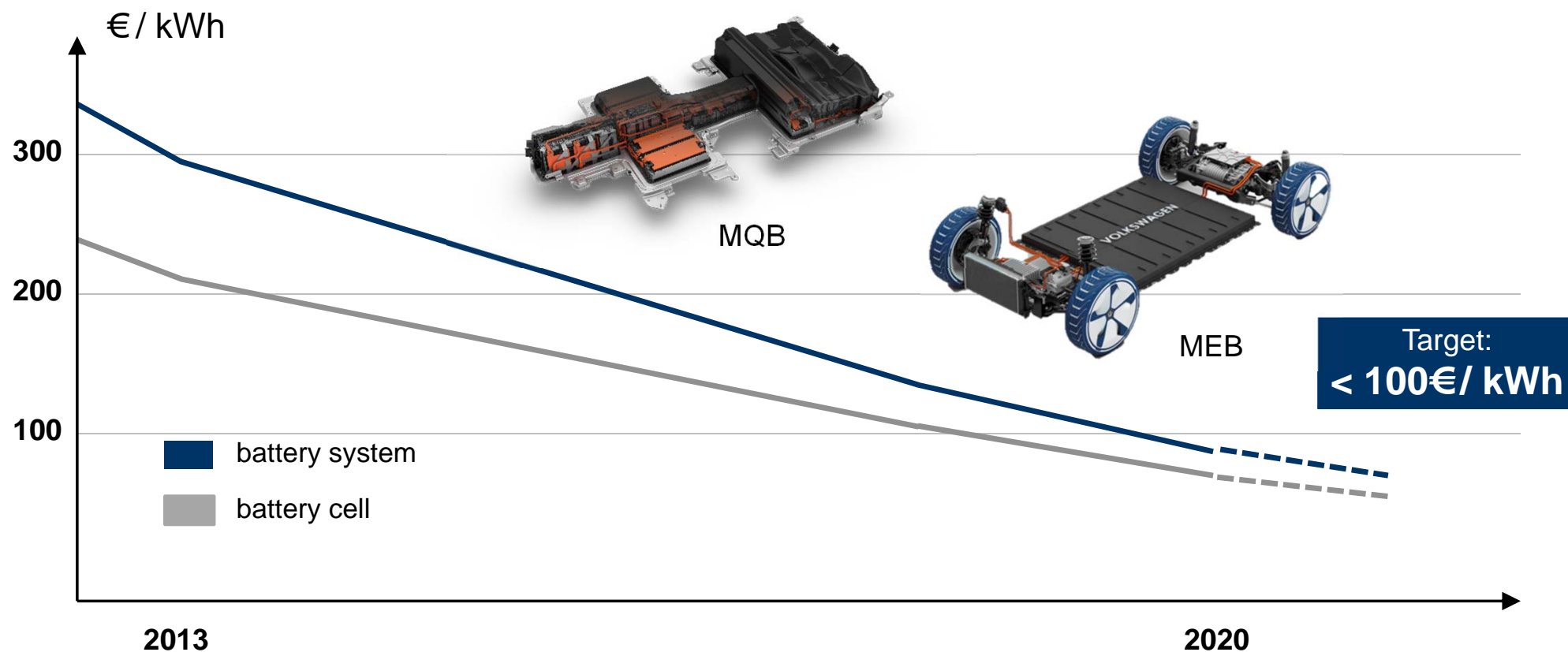


First 200k* vehicles with 0 g/km after that vehicles have upstream

- After 200k, the upstream value adds CO₂ to an electric vehicle
- CO₂ amount is based on power consumption of the vehicle
- With the upstream regulation, electric vehicles have a CO₂ value of approximately 50-70 g/km

*Exceptions apply

Battery costs will decrease significantly by 2020



The Modular Electrification Architecture (MEB) is highly flexible to the benefit of customers



The Modular Electric Architecture offers a higher range

Increases amount of space in the interior

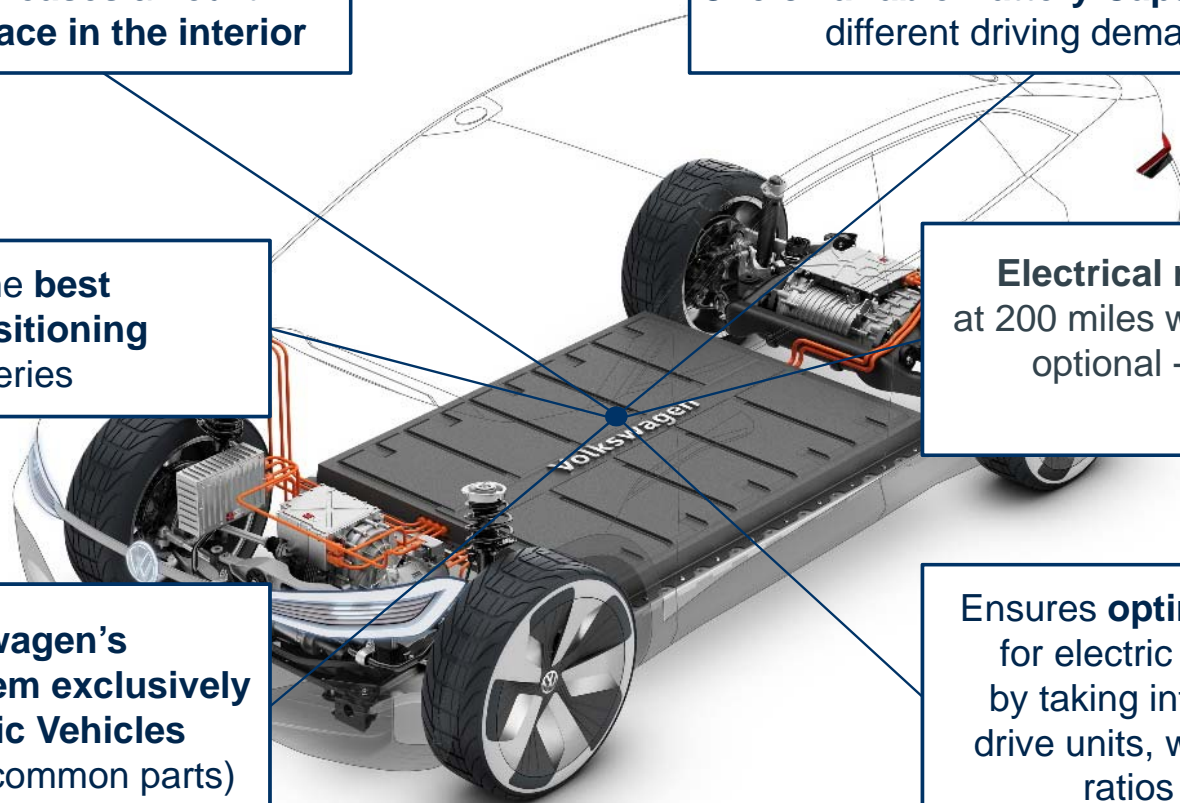
Offers **variable Battery Capacity** based on different driving demands

Guarantees the **best design and positioning** for the batteries

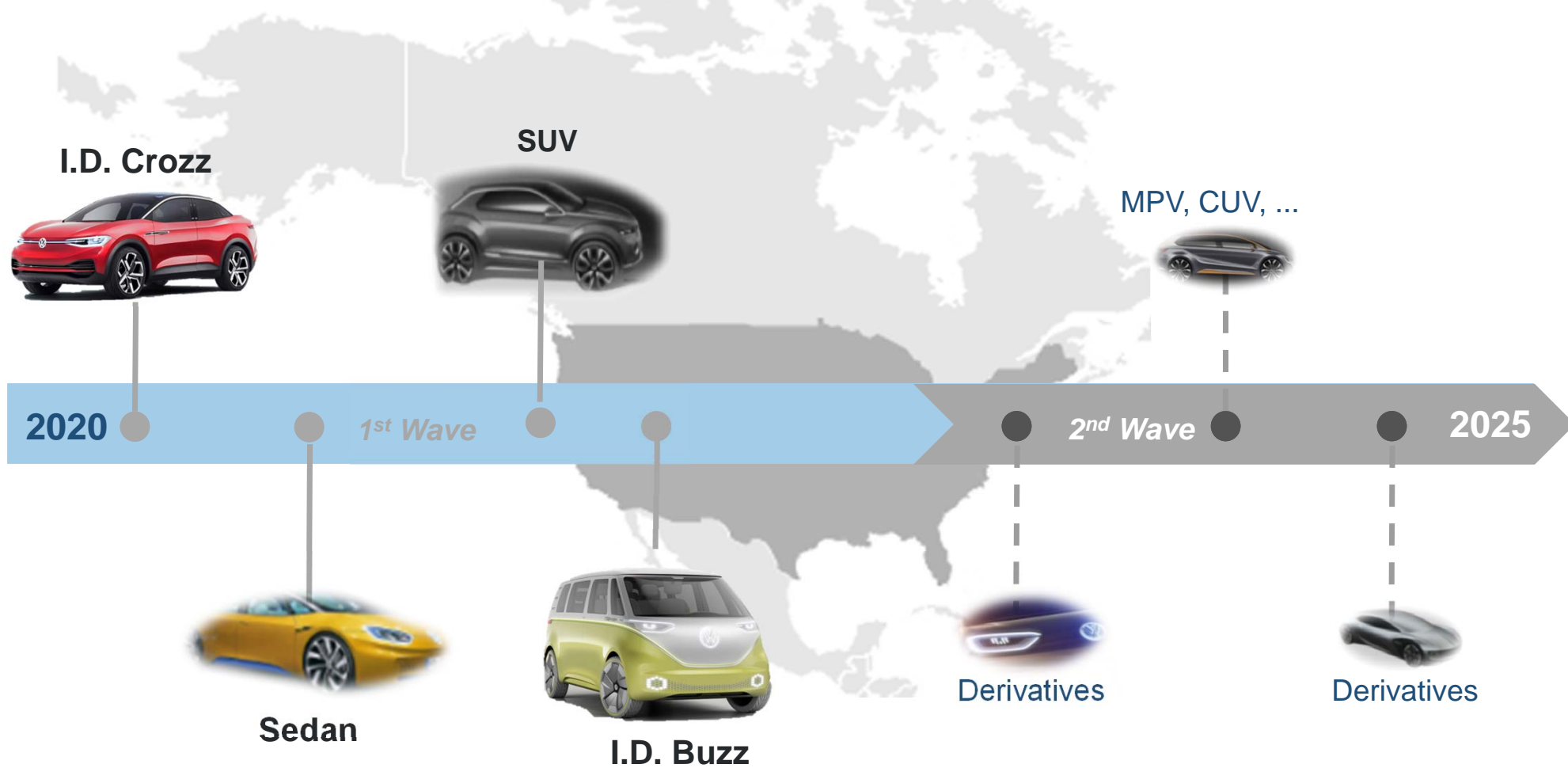
Electrical range starting roughly at 200 miles with higher battery ranges optional + High Performance Charging

MEB is Volkswagen's flexible modular system exclusively for Battery Electric Vehicles
(actually a matrix of common parts)

Ensures **optimal vehicle equipment** for electric vehicle requirements by taking into account what axles, drive units, wheelbases, and weight ratios need to look like

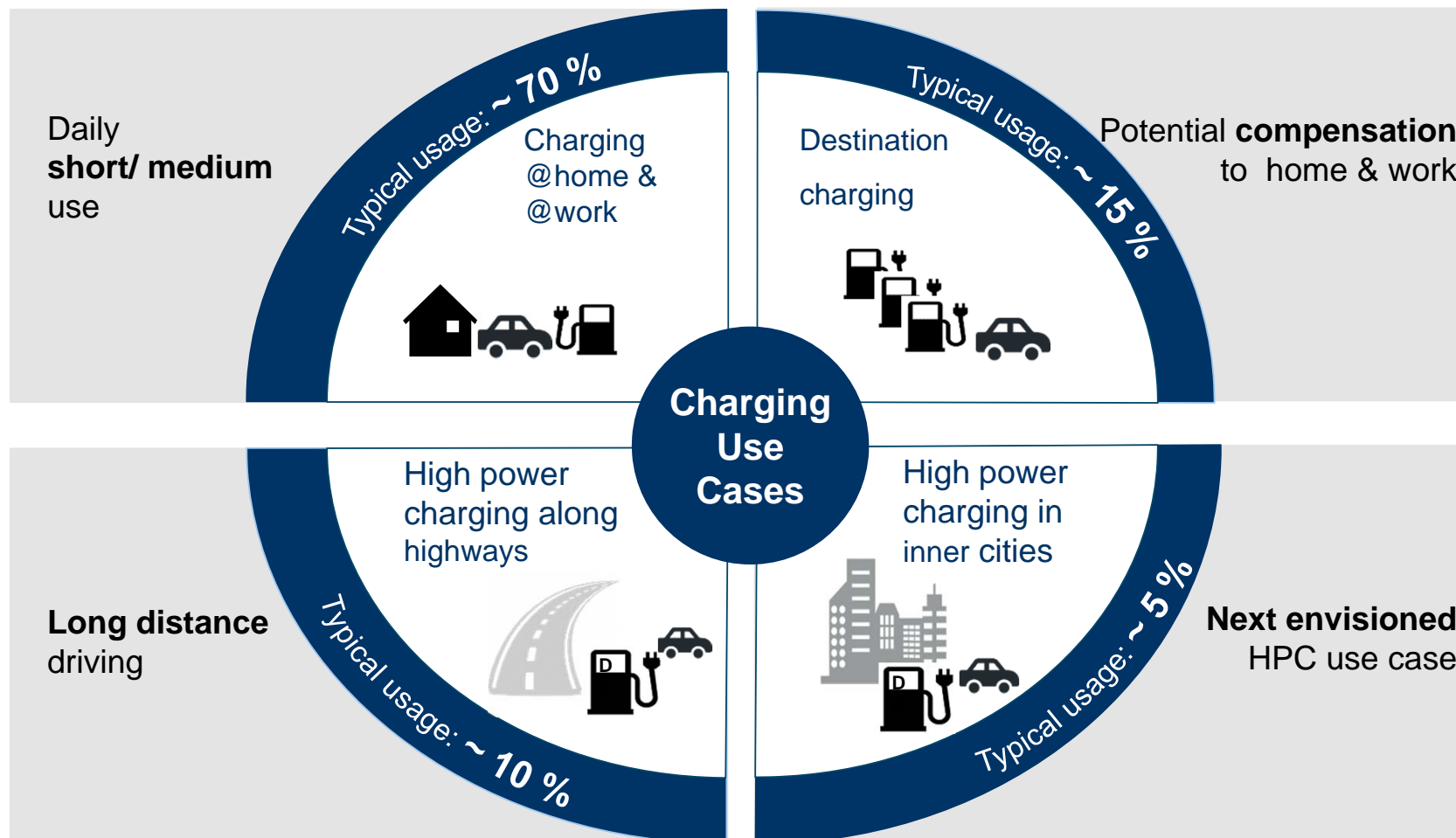


Volkswagen brand in the U.S. will continually expand the BEV lineup starting in 2020



¹⁾ BEV: Battery electric vehicle

Our customers need different charging solutions for their typical journeys



The BEVs¹⁾ will include all features of Volkswagen's future mobility strategy

Smart Sustainability

Development of innovative high-volume electric car models



Zero-emissions electric powered vehicle by using the MEB

Automated Driving

Safer and more comfortable by means of autonomous driving



Detect road users with laser sensors, ultrasonic sensors, radar sensors, side area view & front cameras

Intuitive Usability

Intuitive to operate displays and control concepts



Augmented reality head-up display, touch sensitive steering wheel, Intuitively operated cockpit (no mechanical controls/buttons)

Connected Community

Interconnect humans, cars and the environment with a Volkswagen user identity (Cloud Storage)



Digital Key + Driver Recognition, *Guide & Inform, App Connect, Security & Services*

¹⁾ BEV: Battery electric vehicle

Summary

- We work to regain trust and rebuild the brand.
- We want to grow in the US and become a relevant volume brand, with a full line of cars and SUVs.
- We expect to break even in 2020.



- Volkswagen's electric mobility plans are among the most extensive in the industry. We have the global reach to become a leader in e-mobility.