

VOLKSWAGEN

OF AMERICA



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Roadshow with Kepler Cheuvreux, Toronto, December 8 2016

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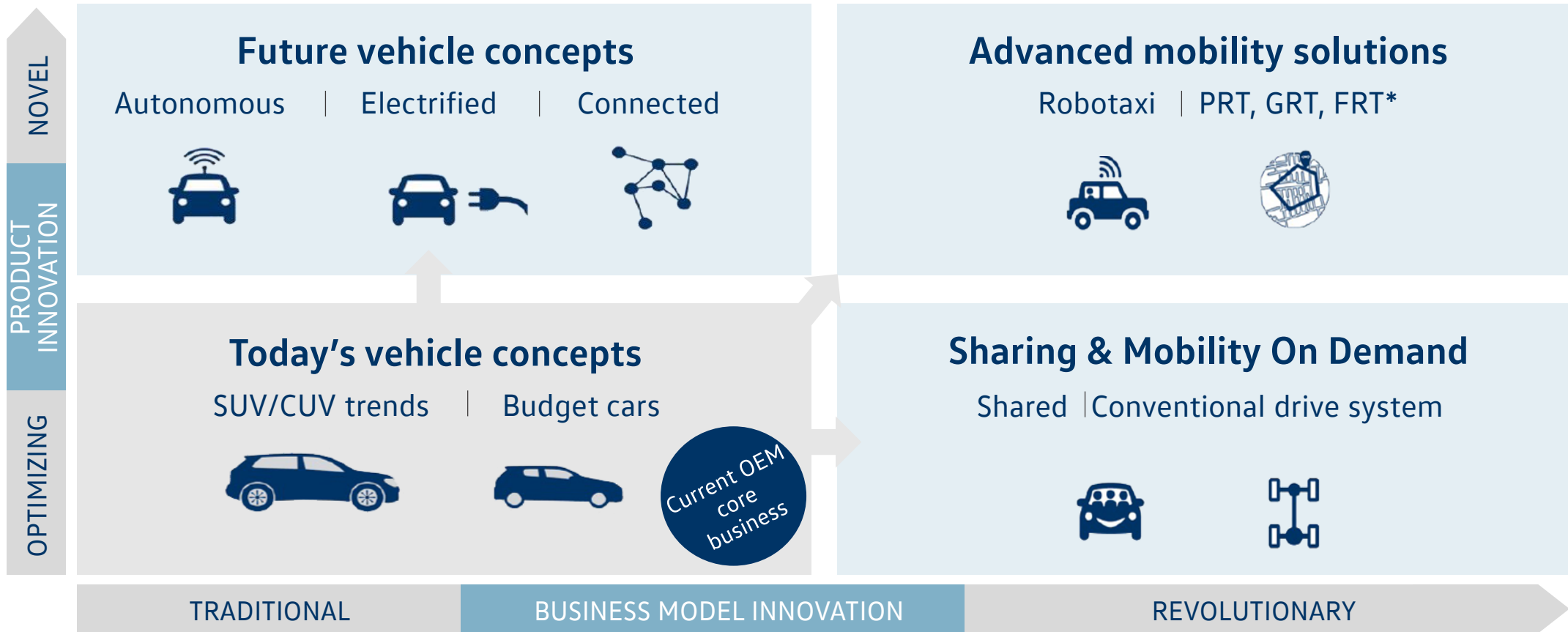
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HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance



*PRT = Personal Rapid Transit; GRT = Group Rapid Transit; FRT = Freight Rapid Transit

NEW CHALLENGES FOR THE AUTOMOTIVE INDUSTRY

90% of **product innovations** in the automotive industry will occur in the **electronics & electrical field**

The sales revenue for **"connected cars"** will quadruple to **€110 billion** from **2015 to 2020**



WE ARE TAKING UP THE CHALLENGE ...

Faster **transformation** from
hardware producer to a focus on...

...**autonomous driving & parking**

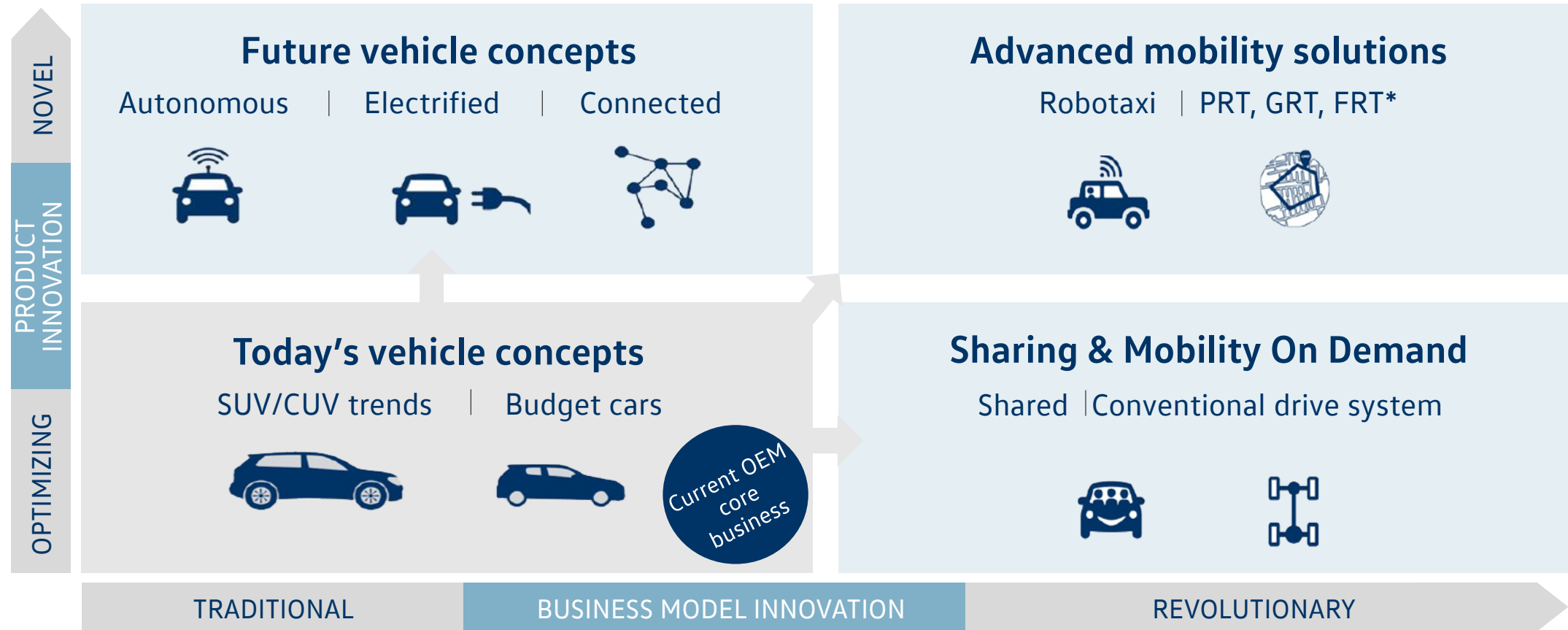
... **digitalization**

... **electrification**



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DRIVER ASSISTANCE SYSTEMS AND NETWORKING IN PRODUCTION



ACC/Stop & Go

Lane assist with adaptive lane tracking

Traffic jam assist

Park assist

Unlocking and locking

Vehicle status

Volkswagen Car Net

Remote control

Climate control

CarPlay

MirrorLink

App Connect

Android Auto

Hotspot

Wi-Fi

Rear Seat Entertainment



U.S. PORTFOLIO STRATEGY: GROWING IN CORE SEGMENTS, OPTIMIZATION AND A MAJOR TRANSFER TO ELECTRIFICATION

I Growth in Core Segments / "double up"



- Compact/Midsize SUV and Sedan with >1.5 mil. per segment
- Increase segment coverage/volume by
 - Proven Reliability
 - Competitive pricing
 - NAR oriented lifecycles
 - Derivatives/multiple entries

➔ Build profitable volume base

II Portfolio Optimization / enter new segments

US total market

Segment	2015 (m units)	Market share 2015 (%)	FC Volume Δ until 2019 (%)
Sedan	5.9	33.6	-12.6
Hatchback	0.9	5.0	+8.6
Coupe	0.5	2.8	+2.1
Wagon	0.1	0.3	+6.5
Cabrio/Roadster	0.2	0.9	+17.5
SUV	6.4	36.6	+10.9
Pick-Up	2.5	14.6	+1.7
MPV	0.7	3.8	-15.9
Transporter	0.3	1.9	-2.3
City Van	0.1	0.5	-0.0

Source: IHS 2016, all figures rounded

- Leverage portfolio opportunities based on
 - Segment opportunities
 - Portfolio fit
 - Contribution to brand
 - Chances for profitability
- Check currently offered models with insufficient contribution

➔ Improved portfolio for market

III Transfer to Electrification / new customer experience



- Expand e-Golf
- Introduce BEVs as key pillar of brand transformation
- Introduce HEV to ensure compliance and appeal to customers seeking high fuel economy & performance

➔ E-Mobility rollout

IV Strong product cadence and sustainable profitability

COMPACT+MIDSIZE SUV AND COMPACT+MIDSIZE SEDAN REMAIN CORE SEGMENTS WITH >1.7 MIL. VEHICLES PER YEAR

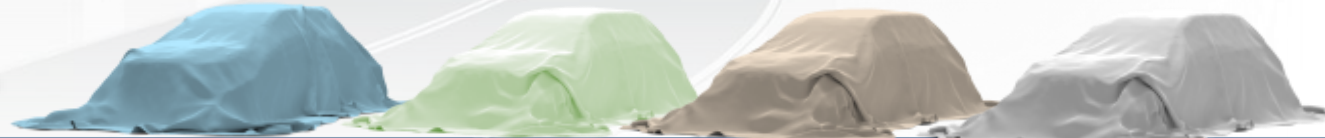
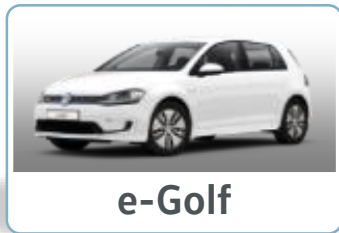
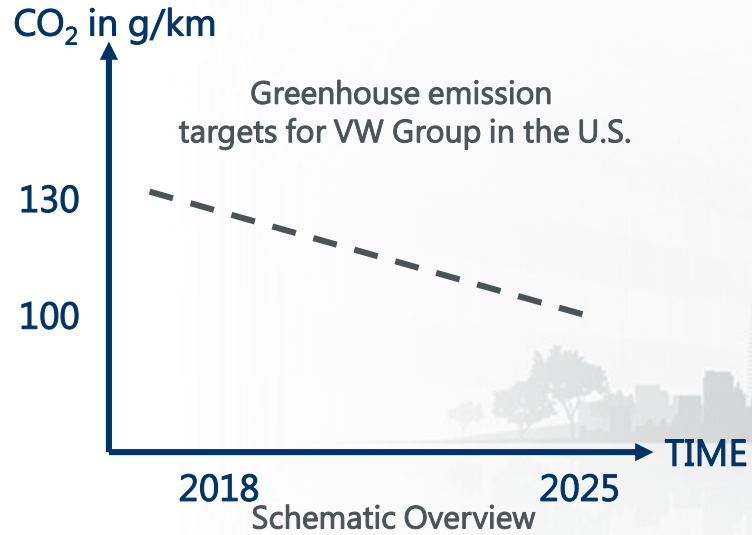
Forecasted US Market Segment Matrix 2019, the volume figures represent the total market volume

Volume 2019	Sedan	Hatchback	MPV	SUV	Wagon	Coupe	Cabrio/ Roadster	Pick-Up	Transporter	Total
Sub-Sub-compact		44	Golf global VW Core model				6			50
Subcompact	192	327	58	681	11	0	5	18		1,292
Compact	Jetta 1,708	Golf 585	37	Tiguan 3,532	SportWagen 25	Beetle 129	Beetle 38		91	6,144
Midsize	Passat 2,500		463	(Atlas 2017) 1,798	16	316	92	471	6	5,663
Fullsize	663		0	Touareg 871	7	9	10	1,494	315	3,369
Luxus	76	US Core Segments with >1.7 mil. vehicles p.a.			201	4	43	30	605	966
Total	5,139	956	558	7,083	63	496	181	2,588	412	17,477

 Volkswagen presence in 2016/17

Source: IHS 2016, all figures rounded

LINE-UP OF HYBRID AND ELECTRIC VEHICLES TO HELP REDUCE EMISSIONS



PRESENT

2020...

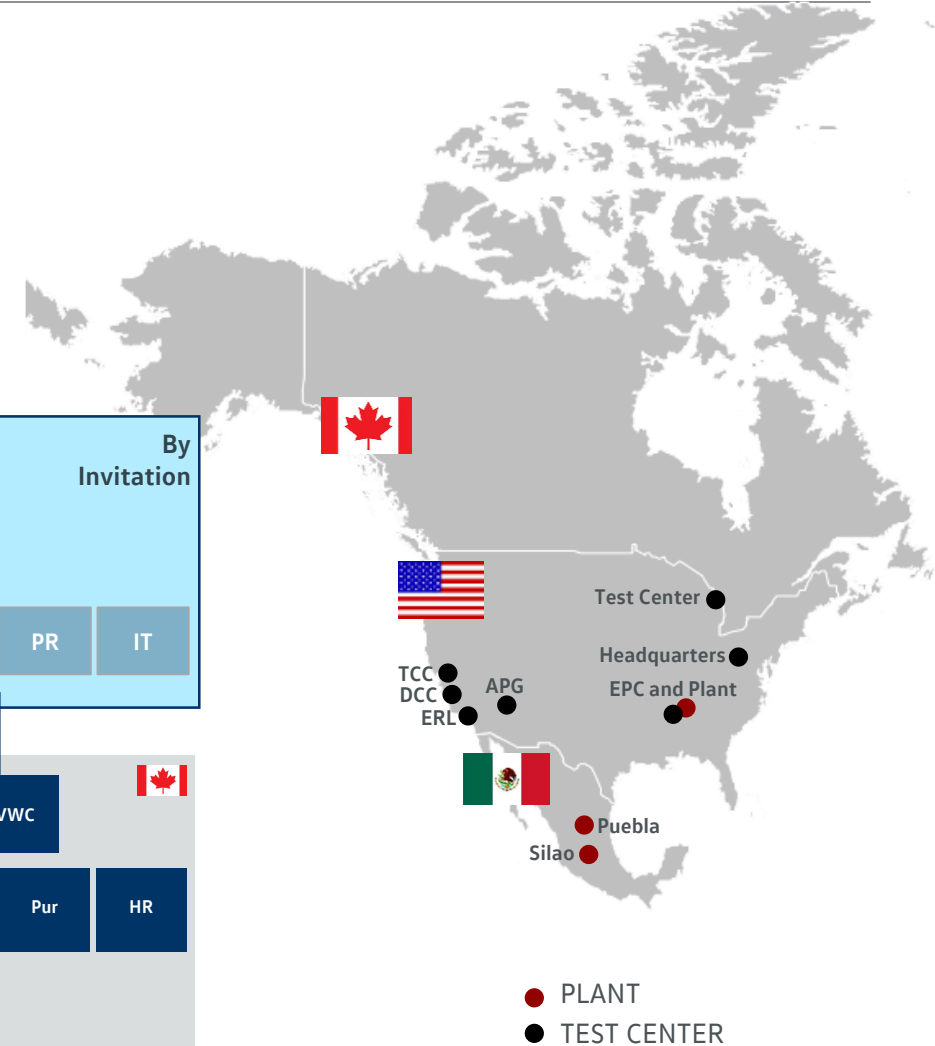
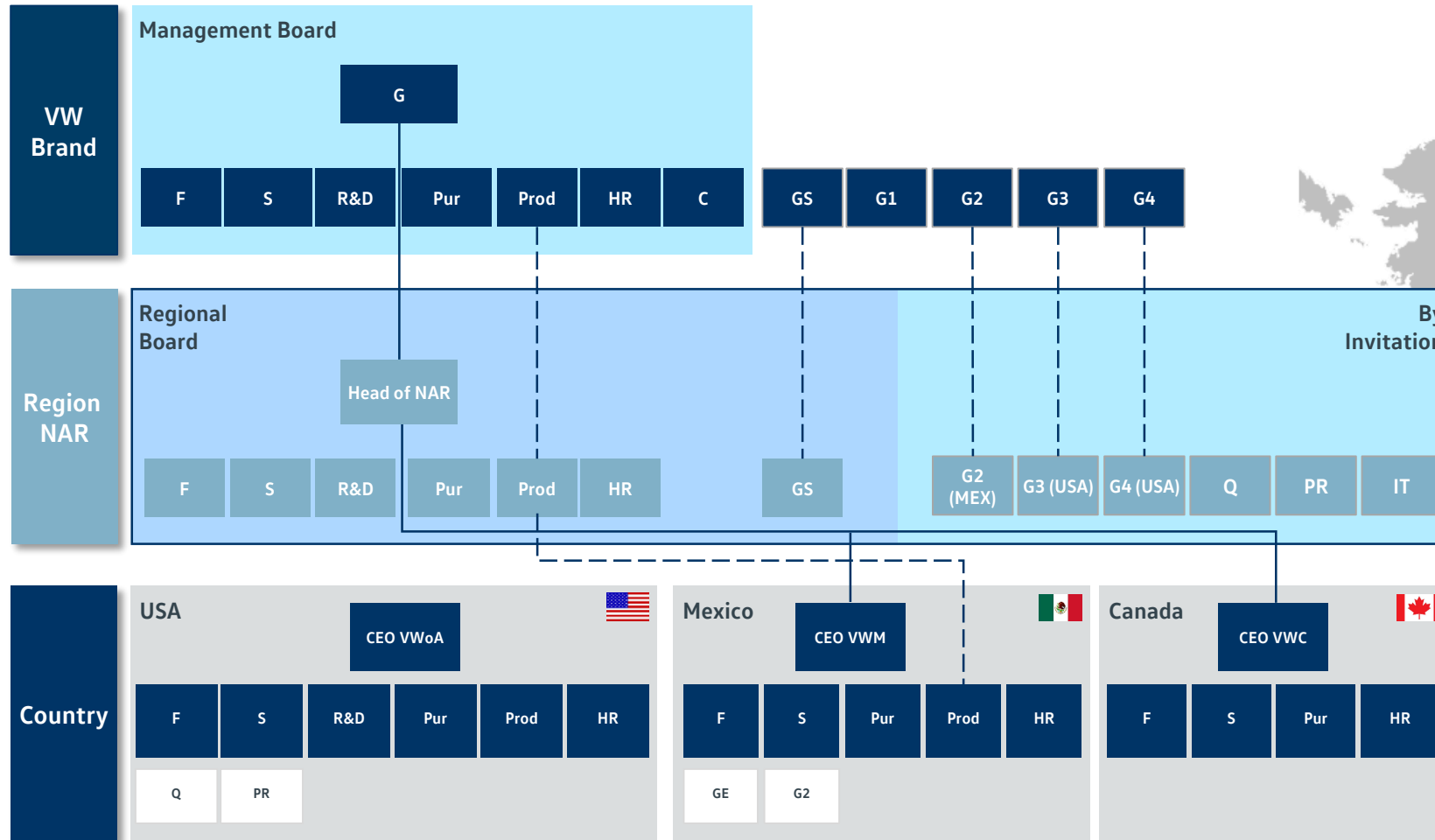
Several new models based on MEB



Concept car

*several projects under consideration

Empowered Local Management - Responsible for almost the entire value chain



— Solid line: disciplinary - - - - Dotted line: functional

Brand VW Region Country

APPENDIX

WHAT DO THE 2.0L US SETTLEMENT AGREEMENTS COVER?

With whom?

U.S. Federal and State Regulators (DOJ, CARB, FTC), and

Private Plaintiffs represented by the Plaintiffs' Steering Committee to resolve civil claims

Which engines?

2.0L TDI Diesel engines approx. 475,000 (thereof 460,000 Volkswagen and 15,000 Audi vehicles)

Granted Final Approval on
October 25, 2016

Volkswagen establishes a maximum funding pool of \$10,033bn for vehicles currently in use and eligible for :
Buyback/Lease terminations; OR
Emissions modifications (if approved by regulators)
+ Cash payments for affected customers

Pay \$2,7bn over 3 years to an environmental trust to remediate excess NO_x emissions

Invest \$2bn over 10 years in Zero emission infrastructure, access and awareness initiatives

States resolution

Agreement with 44 states, the District of Columbia and Puerto Rico to resolve existing and potential state consumer protection claims regarding both 2.0L and 3.0L engines (approx \$603m)

- Regarding the 3.0l TDI engines, the Court set the next status hearing for December 16.
- The Court has filed its order granting preliminary approval to the settlement with VW-branded franchise dealers on October 18. The Court will hold a fairness hearing to consider granting final approval on January 18, 2017