Committed to the NAFTA Region and Increasing Local Footprint

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Update on emission issue

- The software used enables that a test bench situation is recognized by the vehicle and enables the engine control system to optimize NOx emission levels during the test cycle.

- Affected Volkswagen vehicle population in the US includes 3 engine generations, ~482,000 cars are impacted between 2009 and 2015.

- Volkswagen is working intensively on solutions – free of charge to our customers.

- Furthermore, we also have to address the recent issues related to the 3-liter 6-cylinder TDI engines that will be discussed and clarified with the agencies as well.

- We are cooperating fully with EPA and CARB.
Strong premium brands with huge potential for Volkswagen
Passenger cars – Deliveries to customers in the U.S. since 2010

Deliveries to customers, units

Market share
Jan-Oct ‘15: 2.0%
CY 2014: 2.2%
(total market)

Market share
Jan-Oct ‘15: 11.3%
CY 2014: 10.9%
(of premium market)

Market share
Jan-Oct ‘15: 3.0%
CY2014: 2.8%
(of premium market)

1) Porsche Cars North America is not part of Volkswagen Group of America
Next steps to increase the local footprint

**Product Specific Development**
in the U.S. market for the U.S. customer

**Local Vehicle Concept Development**

**Local Product Decisions**
Local Interior & Exterior Design

**Local Production & Supplier Localization**

**Platform Development**
 centralized in
Wolfsburg, Weissach, Ingolstadt
for Volkswagen Group
Vehicle research and development sites in North America are geographically coordinated to achieve strategic targets.

**Bundling competencies & centralized steering**

- **Electronic Research Lab**
  - Belmont, CA
- **Test Center Allendale (TCA)**
  - Allendale, NJ
- **North American Engineering & Planning Center**
  - Chattanooga, TN
- **Research & Development**
  - Puebla, MX
- **EEO, Safety Affairs**
  - Auburn Hills, MI
- **Technical Center California (TCC)**
  - Oxnard, CA
- **Design Center California (DCC)**
  - Santa Monica, CA
- **Proving Grounds**
  - Several locations
Strategic targets to become more competitive

- Faster Reaction to & Focus on Customer Needs
- Market Specific Vehicle Development
- Localization
- Integration of Regional Strengths
Renewal and extension of product portfolio and moving towards shorter life cycles

Moving towards a 5 year life cycle while extending the product range by offering more models in major growth segments and continuous model refreshments every 2-3 years.

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<thead>
<tr>
<th>2015</th>
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<tbody>
<tr>
<td>Golf R</td>
<td>Golf Alltrack.</td>
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<td>Passat 2016</td>
<td>B-SUV</td>
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<td>Golf SportWagen</td>
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1) T-Roc is a concept car and could be subject to change.
Rollout of toolkits in the NAFTA region to realize economies of scale – moving major models on to MQB

- Higher local production volume
- Less currency exposures
- Improving fix cost allocations
- Optimized logistics
- Increasing suppliers base
Increase of US production to achieve greater scale and synergies

Investments in Chattanooga:

$900 Mio. for plant expansion for the B-SUV and centralized R&D

From 2016 onwards:

• Significant increase in production volume due to 2 major products

• Moving from 2 platforms (PQ35, MQB) towards MQB only

• Much stronger supplier presence compared to 2011 (plant opening), with huge potential regarding purchasing and logistics (VWoA Purchasing for current Passat only: 10,000 parts, 400 suppliers, purchasing volume $1.5bn)

• Targeted localization rate for the B-SUV: >90%
Rollout of toolkits into the NAFTA region – the MLBevo

- Investments in San Jose Chiapa (Mex): $1.3bn (full plant: press shop, body shop, paint shop, assembly)
- Annual Capacity: 150,000 units
- Model: Q5
- Localization rate: from 65% up to 90%
- Using Group synergies, such as intragroup deliveries with VW de Mexico
- Market launch: late summer 2016
Further Steps are being set up

... to a stronger presence in the NAFTA region with a strong focus on the U.S. Market
Volkswagen models launched in 2015

Golf R

2016 Touareg

Golf SportWagen

2016 Passat
Audi models launched in 2015

The Q7 and R8 will be available early 2016 in the U.S.
Actual Lamborghini model in 2015

Huracán LP 610-4 Spyder
Bentley launches 2015

Bentayga

Mulsanne Speed

Continental GT Speed
Porsche models launched in 2015

911 GT3 RS

Macan GTS

911 Carrera

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