The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group of America. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast. Volkswagen AG and its subsidiaries (together the "Volkswagen Group") currently face additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which Volkswagen Group of America may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, an unexpected fall in demand or economic stagnation in our key sales markets, such as the USA will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the Euro, US dollar, sterling, yen or other currencies.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.
HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance

**Future vehicle concepts**
- Autonomous
- Electrified
- Connected

**Advanced mobility solutions**
- Robotaxi
- PRT, GRT, FRT*

**Today’s vehicle concepts**
- SUV/CUV trends
- Budget cars

**Sharing & Mobility On Demand**
- Shared
- Conventional drive system

*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**
HOW OUR INDUSTRY IS CHANGING

The key trends in the automotive world at a glance

**Future vehicle concepts**
- Autonomous
- Electrified
- Connected

**Advanced mobility solutions**
- Robotaxi
- PRT, GRT, FRT*

**Today’s vehicle concepts**
- SUV/CUV trends
- Budget cars

**Sharing & Mobility On Demand**
- Shared
- Conventional drive system

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

II. Portfolio Optimization / enter new segments

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

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

IV. Strong product cadence and sustainable profitability

US total market

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

Source: IHS 2016, all figures rounded
**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 (in ‘000’ units)

<table>
<thead>
<tr>
<th>Volume 2019</th>
<th>Sedan</th>
<th>Hatchback</th>
<th>MPV</th>
<th>SUV</th>
<th>Wagon</th>
<th>Coupe</th>
<th>Cabrio/Roadster</th>
<th>Pick-Up</th>
<th>Transporter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Subcompact</td>
<td>0</td>
<td>44</td>
<td>58</td>
<td>681</td>
<td>11</td>
<td>0</td>
<td>5</td>
<td>18</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Subcompact</td>
<td>192</td>
<td>327</td>
<td>58</td>
<td>681</td>
<td>11</td>
<td>0</td>
<td>5</td>
<td>18</td>
<td>1,292</td>
<td></td>
</tr>
<tr>
<td>Compact</td>
<td>1,708</td>
<td>585</td>
<td>37</td>
<td>3,532</td>
<td>25</td>
<td>129</td>
<td>38</td>
<td>91</td>
<td>6,144</td>
<td></td>
</tr>
<tr>
<td>Midsize</td>
<td>2,500</td>
<td>463</td>
<td>(Atlas 2017)</td>
<td>1,798</td>
<td>16</td>
<td>316</td>
<td>92</td>
<td>471</td>
<td>6</td>
<td>5,663</td>
</tr>
<tr>
<td>Fullsize</td>
<td>663</td>
<td>0</td>
<td>871</td>
<td>7</td>
<td>9</td>
<td>10</td>
<td>1,494</td>
<td>315</td>
<td>3,369</td>
<td></td>
</tr>
<tr>
<td>Luxury</td>
<td>76</td>
<td>201</td>
<td>4</td>
<td>43</td>
<td>30</td>
<td>605</td>
<td></td>
<td>966</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5,139</td>
<td>956</td>
<td>558</td>
<td>7,083</td>
<td>63</td>
<td>496</td>
<td>181</td>
<td>2,588</td>
<td>412</td>
<td>17,477</td>
</tr>
</tbody>
</table>

Source: IHS 2016, all figures rounded
LINE-UP OF HYBRID AND ELECTRIC VEHICLES TO HELP REDUCE EMISSIONS

Greenhouse emission targets for VW Group in the U.S.

2018 Schematic Overview

2025

USA

GTE*

PRESENT

2020...

Several new models based on MEB

e-Golf

Concept car

*several projects under consideration
Empowered Local Management - Responsible for almost the entire value chain
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 NOx 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 November 30.
- 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.