Volkswagen Group
Dr Thomas Sedran
Senior Vice President Group Strategy
The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. 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. The Volkswagen Group currently faces 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 the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, 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 US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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.

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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
“THE REVOLUTIONARY CHANGE IN OUR INDUSTRY IS A CHALLENGE, BUT AT THE SAME TIME A HUGE OPPORTUNITY”

M. Müller, CEO, June 16th 2016
STRATEGY 2025 – INITIATIVES AT A GLANCE

GROW PROFITABLY

1. Sharpen positioning of brands
2. Develop winning vehicle and drivetrain portfolio
3. Streamline modular architectures
4. Partner with regional players to win in economy segment
5. Develop self-driving system for autonomous vehicles and artificial intelligence in-house
6. Develop battery technology as new core competency
7. Develop best-in-class user experience across brands and customer touchpoints
8. Implement model line organization
9. Realign “Components” business

DEVELOP STRATEGIC CAPABILITIES

10. Build mobility solutions business
11. Develop and expand attractive and profitable smart mobility offering
12. Improve operational excellence
13. Optimize business portfolio

ENHANCE ENTREPRENEURIAL SPIRIT

14. Drive digital transformation
15. Create organization 4.0

Build mobility solutions business

Strengthen innovation power

Secure funding
THE ELECTRIFICATION INITIATIVE OF THE VOLKSWAGEN GROUP

- Goal: to position Volkswagen as a driving force behind the expansion of electro-mobility; e-car to become a new hallmark of the Group
- >30 new pure-electric vehicles by 2025
- Annual unit sales of 2 to 3 million e-cars by 2025, equivalent to 20–25 percent of total sales
EFFICIENCY ENHANCEMENTS AS EARNINGS DRIVER

- Goal: to boost operational excellence across all business divisions and brands
- Boost investment efficiency, moderately reduce capex ratio to around 6 percent by 2025 (convergence with industry level)
- Enhance efficiency of research and development expenditures, lower R&D ratio to around 6.0 percent
- Lower selling, general and administrative expenses (SG&A), relative to sales revenue, to under 12 percent
NEW FINANCIAL TARGETS ADOPTED: FOCUS ON PROFITABILITY

<table>
<thead>
<tr>
<th>Key financial targets</th>
<th>2015 Actual</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating return on sales before special items</td>
<td>6.0%</td>
<td>7–8%</td>
</tr>
<tr>
<td>Return on capital</td>
<td>13.8%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex ratio</td>
<td>6.9%</td>
<td>~6%</td>
</tr>
<tr>
<td>Automotive Division</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THE VOLKSWAGEN GROUP OF THE FUTURE WILL INSPIRE PEOPLE

TOGETHER...

... we will create smart mobility solutions that simplify and enrich our customers’ lives

... we will reduce the environmental burden with eco-friendly drivetrain technologies

... we will continue to raise the bar in emotion and quality

... we will shape the future of our industry

... we will build an enterprise of which we can be truly proud.
Financial highlights – Volkswagen Group
(January to September 2016 vs. 2015)

<table>
<thead>
<tr>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Profit before tax(^2)</th>
<th>Profit after tax(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td>€ million</td>
<td>€ million</td>
<td>€ million</td>
</tr>
<tr>
<td>2015 160,263</td>
<td>2015 10,197(^1)</td>
<td>2015 5,142 3,990</td>
<td>2016 11,267(^1) 5,915</td>
</tr>
<tr>
<td>2016 159,932</td>
<td>2016 11,267(^1)</td>
<td>2016 8,159 5,159</td>
<td></td>
</tr>
</tbody>
</table>

1) Before Special items
2) After Special items

\(\text{x.x\%} = \text{Operating profit / profit before tax in } \% \text{ of sales revenue}\)
Development Volkswagen Group car deliveries to customers\(^1\)
(in comparison to previous year)

<table>
<thead>
<tr>
<th>World Car Market: +2.6%</th>
<th>+2.1%</th>
<th>+3.8%</th>
<th>+7.1%</th>
<th>+4.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Year 2015</td>
<td>9,321</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 2015</td>
<td>2,340</td>
<td>2,353</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 2015</td>
<td>2,390</td>
<td>2,435</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 2015</td>
<td>2,251</td>
<td>2,337</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan-Oct 2015</td>
<td>7,758</td>
<td>7,940</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN.
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers\(^1\)
(Growth y-o-y in deliveries to customers, January to October 2016 vs. 2015)

\(^1\) Figures excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles
**Volkswagen Group – Deliveries to Customers by Brands**

(January to October 2016 vs. 2015)

<table>
<thead>
<tr>
<th>Brand</th>
<th>January – October 2015</th>
<th>January – October 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Group</td>
<td>8,262</td>
<td>8,480</td>
</tr>
<tr>
<td>Passenger Cars</td>
<td>1,497</td>
<td>1,560</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>357</td>
<td>391</td>
</tr>
</tbody>
</table>

1) incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.6% excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles.

2) MAN Commercial Vehicles incl. MAN Latin America Trucks and Busses GVW > 5t
Volkswagen Group – Deliveries to Customers by Markets\(^1\)
(January to October 2016 vs. 2015)

\(^1\) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); +2.3% excl. Volkswagen Commercial Vehicles, Scania and MAN.
# Volkswagen Group – Key financial figures\(^1\)
(January to September 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicle Sales</strong> (^2)</td>
<td>7,653</td>
<td>7,440</td>
<td>+2.9</td>
</tr>
<tr>
<td><strong>Sales revenue</strong></td>
<td>159,932</td>
<td>160,263</td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Operating profit before Special Items</strong></td>
<td>11,267</td>
<td>10,197</td>
<td>+10.5</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>7.0</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>8,647</td>
<td>3,342</td>
<td>x</td>
</tr>
<tr>
<td><strong>% of sales revenue</strong></td>
<td>5.4</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-488</td>
<td>1,800</td>
<td>x</td>
</tr>
<tr>
<td>of which: At-equity result(^2)</td>
<td>2,627</td>
<td>3,128</td>
<td>-16.0</td>
</tr>
<tr>
<td>of which: Other financial result</td>
<td>-3,116</td>
<td>-1,327</td>
<td>x</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>8,159</td>
<td>5,142</td>
<td>+58.7</td>
</tr>
<tr>
<td><strong>% Return on sales before tax</strong></td>
<td>5.1</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>5,915</td>
<td>3,990</td>
<td>+48.2</td>
</tr>
</tbody>
</table>

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\(^1\) All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

\(^2\) Volume data including the unconsolidated Chinese joint ventures. The joint venture companies in China are accounted for using the equity method and recorded an operating profit (proportionate) of €3,594 million (€3,777 million).
Volkswagen Group – Analysis of operating profit\(^1\)
(January to September 2016 vs. 2015)

\[^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.\]
## Volkswagen Group – Analysis by business line¹)
(January to September 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>2016 (thousand vehicles/ € million)</th>
<th>2015 (thousand vehicles/ € million)</th>
<th>2016 (€ million)</th>
<th>2015 (€ million)</th>
<th>2016 (€ million)</th>
<th>2015 (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volkswagen Passenger Cars</strong></td>
<td>3,234/77,725</td>
<td>3,343/79,972</td>
<td>1,244</td>
<td>2,229</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Audi</strong></td>
<td>1,166/44,017</td>
<td>1,158/43,695</td>
<td>3,918</td>
<td>4,024</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ŠKODA</strong></td>
<td>606/10,113</td>
<td>605/9,280</td>
<td>940</td>
<td>734</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SEAT</strong></td>
<td>400/6,535</td>
<td>404/6,388</td>
<td>137</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bentley</strong></td>
<td>8/1,411</td>
<td>7/1,364</td>
<td>54</td>
<td>57</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Porsche²</strong></td>
<td>177/16,470</td>
<td>169/16,471</td>
<td>2,858</td>
<td>2,546</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Volkswagen Commercial Vehicles</strong></td>
<td>342/8,045</td>
<td>335/7,537</td>
<td>392</td>
<td>313</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Scania²</strong></td>
<td>60/8,272</td>
<td>56/7,686</td>
<td>802</td>
<td>748</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MAN Commercial Vehicles</strong></td>
<td>74/7,213</td>
<td>74/7,247</td>
<td>204</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MAN Power Engineering</strong></td>
<td>-/-</td>
<td>-/-</td>
<td>176</td>
<td>227</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VW China³</strong></td>
<td>2,803/16,470</td>
<td>2,492/16,471</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-1,217/-42,771</td>
<td>-1,204/-41,538</td>
<td>-993⁴)</td>
<td>-1,216⁴)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Volkswagen Financial Services</strong></td>
<td>-/-</td>
<td>-/-</td>
<td>1,534</td>
<td>1,381</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Volkswagen Group before Special Items</strong></td>
<td>-/-</td>
<td>-/-</td>
<td>11,267</td>
<td>10,197</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Special Items</strong></td>
<td>-/-</td>
<td>-/-</td>
<td>-2,620</td>
<td>-6,855</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Volkswagen Group</strong></td>
<td>7,653/159,932</td>
<td>7,440/160,263</td>
<td>8,647</td>
<td>3,342</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Automotive Division⁵)</td>
<td>7,653/136,889</td>
<td>7,440/138,302</td>
<td>6,841</td>
<td>1,726</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: Passenger Cars</td>
<td>7,178/111,044</td>
<td>6,974/113,325</td>
<td>6,359</td>
<td>1,203</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: Commercial Vehicles</td>
<td>475/23,278</td>
<td>466/22,221</td>
<td>491</td>
<td>489</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: Power Engineering</td>
<td>-/-</td>
<td>-/-</td>
<td>-9</td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Services Division</strong></td>
<td>-/-</td>
<td>-/-</td>
<td>1,806</td>
<td>1,615</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²) Incl. financial services. ³) Sales revenue and operating profit of the JV’s in China are not included in the Group figures. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionally) of € 3,594 million (€3,777 million). ⁴) Mainly intragroup items, in particular from elimination of intercompany profits, incl. depreciation and amortization of identifiable assets as part of the PPA for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁵) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.
Automotive Division – Strong cash generation\(^1\) \(^2\)
(January to September 2016)

\[\begin{array}{c|c|c|c|c|c|c|c|}
\hline
\text{2015}\(^3\)) & \text{Cash flow from operating activities} & \text{Capex} & \text{Capitalized development costs} & \text{Other} & \text{Net cash flow before equity investments} & \text{Acquisition and disposal of equity investments} & \text{Net cash flow} \\
\hline
18.5 & 0.4 & -3.3 & -7.3 (5.3\%\(^4\)) & 8.3 & 3.0 & 11.2 \\
\hline
\end{array}\]

\(^1\)All figures shown are rounded, minor discrepancies may arise from addition of these amounts. \(^2\)Including allocation of consolidation adjustments between Automotive and Financial Services divisions. \(^3\)prior- year figures adjusted \(^4\)Capital expenditure for property, plant and equipment in\% of Automotive sales revenue.
Automotive Division – Analysis of net liquidity\(^1\)

<table>
<thead>
<tr>
<th>Date</th>
<th>Item</th>
<th>Amount (€ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2015</td>
<td>Equity capital increase</td>
<td>24.5</td>
</tr>
<tr>
<td></td>
<td>Volkswagen FS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dividend pay-out to Volkswagen AG shareholders</td>
<td>-0.5</td>
</tr>
<tr>
<td></td>
<td>Distributions to hybrid investors</td>
<td>-0.1</td>
</tr>
<tr>
<td></td>
<td>Proceeds from sale of interest in LeasePlan</td>
<td>-0.3</td>
</tr>
<tr>
<td></td>
<td>Dividend FAW / SVW</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>Other cash flow</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.3</td>
</tr>
<tr>
<td>30.09.2016</td>
<td></td>
<td>31.1</td>
</tr>
</tbody>
</table>

Net cash flow: €7.5

\(^1\) All figures shown are rounded, minor discrepancies may arise from addition of these amounts.
# Volkswagen Group – Net liquidity and funding

## Automotive Division - Net Liquidity

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Liquidity (in € bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17.7</td>
</tr>
<tr>
<td>2015</td>
<td>24.5</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>31.1</td>
</tr>
</tbody>
</table>

## Funding programs as of 30 September 2016

<table>
<thead>
<tr>
<th>Source</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money and Capital Markets</td>
<td></td>
</tr>
<tr>
<td>Commercial Papers</td>
<td>10.0</td>
</tr>
<tr>
<td>Medium Term Notes / Bonds</td>
<td>48.6</td>
</tr>
<tr>
<td>thereof: Hybrid Bonds</td>
<td>7.5</td>
</tr>
<tr>
<td>ABS</td>
<td>33.8</td>
</tr>
<tr>
<td>Borrowings 2)</td>
<td></td>
</tr>
<tr>
<td>Committed Lines</td>
<td>1.9</td>
</tr>
<tr>
<td>Uncommitted Lines</td>
<td>9.9</td>
</tr>
<tr>
<td>Supranationals, development banks, government, other</td>
<td>15.8</td>
</tr>
<tr>
<td>Direct Banking Deposits</td>
<td>31.5</td>
</tr>
<tr>
<td>Total Amount</td>
<td>151.5</td>
</tr>
</tbody>
</table>

1) Excluding Scania and Porsche FS
2) Excluding MAN and Porsche AG subsidiaries
Volkswagen Group – Outlook for 2016

**Deliveries to customers**
- Slightly above prior year

**Sales revenue**
- May reach prior year level

**Operating return on sales**
- Between 5.0% and 6.0%
Our 5 priorities: Focus on crisis management and realignment

**Customer solutions**
- Implementation of technical solutions launched in Germany
- Schedule for further refits in Europe to be adapted in consultation with authorities
- Agreement in principle reached with U.S. authorities

**Investigation**
- Process audit by Group Audit already completed at 2015 year-end, proposed measures being rapidly implemented
- Detailed investigation of facts by Jones Day ongoing

**Structure**
- New management team in place
- Intensive work on new structures and leaner processes

**Mindset**
- Numerous individual changes made to renew corporate and leadership culture
- Structured change process initiated

**Destination**
- Development of “TOGETHER Strategy 2025” proceeding to plan
- Key financial targets with focus on profitability already communicated
- Milestones and brand specific KPI’s will be implemented into next planning round
What do the 2.0l US settlement agreements cover?

<table>
<thead>
<tr>
<th>With whom?</th>
<th>U.S. Federal and State Regulators (DOJ, CARB, FTC), and Private Plaintiffs represented by the Plaintiffs' Steering Committee to resolve civil claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which engines?</td>
<td>2.0L TDI Diesel engines approx. 475,000 (thereof 460,000 Volkswagen and 15,000 Audi vehicles)</td>
</tr>
<tr>
<td>Granted Final Approval on October 25, 2016</td>
<td>Volkswagen establishes a maximum funding pool of $10.033bn for vehicles currently in use and eligible for:</td>
</tr>
<tr>
<td></td>
<td>Buyback/Lease terminations; OR Emissions modifications (if approved by regulators) + Cash payments for affected customers</td>
</tr>
<tr>
<td></td>
<td>Pay $2.7bn over 3 years to an environmental trust to remediate excess NOx emissions</td>
</tr>
<tr>
<td></td>
<td>Invest $2bn over 10 years in Zero emission infrastructure, access and awareness initiatives</td>
</tr>
<tr>
<td>States resolution</td>
<td>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)</td>
</tr>
</tbody>
</table>

- 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
Technical solution in Europe/RoW simple and relatively easy to implement

- Predominantly software-only solution
  - Technical solution already generally confirmed for all concepts by KBA\(^1\) (~8.6m vehicles)
- Possibly complex hardware retrofit
  - Gradual approval of clusters after cluster-specific KBA inspection\(^1\). ~1.7m vehicles already fixed (per end Nov)
- Update necessary
  - 2.0L (~5.2m units) and 1.2L:
    - Software fix, working time ~30 min
  - 1.6L (~3m units)
    - also simple, very cost-effective hardware solution “flow rectifier” in < 60 min.

\(^1\) KBA approval relevant for EU28 and ECE user states (e.g., Turkey)
Product roadmap aligns with expected future market trends

Body group trends until 2020¹)

- **SUV**: +30%
- **Sedan**: +9%
- **Hatchback**: +15%
- **Pick-Up**: +11%
- **MPV**: +4%
- **Transporter**: +13%
- **Micro Van**: +14%
- **Estate**: -6%
- **City Van**: +20%
- **Coupe**: +15%

New models 2016 and to follow

- **SUV**: Bentayga, Tiguan, Ateca, Q2, Kodiaq, Atlas, Entry SUV, Q5
- **Sedan**: A6L e-tron, Panamera, Phideon, Magotan, Vuyaye
- **Hatchback**: A3, Leon, Rapid (IND), Gol, up!, Golf
- **Other**: Beetle, Amarok, 911, Saveiro, A5, Boxster, Cayman

¹) Source: IHS
²) Final figures

Volume in 2015 until 2020

- SUV
- Sedan
- Hatchback
- Pick-Up
- MPV
- Transporter
- Micro Van
- Estate
- City Van
- Coupe

Million
Volkswagen brand has significant potential for improvement

- Underperformance in the US car market
- Falling market shares in price-sensitive markets of Brazil, India and ASEAN
- Inconsistent brand image in the regions
- High increase in fixed costs
- Growing productivity gap compared to competitors
- High product complexity is weakening ability to compete in volume segment
- Product portfolio is lagging behind international trends and requirements of local customers
- High level of vertical integration / need for investment in fields without differentiation from competitors
- Centralised, functional and hierarchical organisation
- Insufficient generation of returns/cash
Volkswagen brand has important qualities that enable it to take the lead in the volume segment

- Globally acknowledged and established brand and strong customer loyalty
- High-quality portfolio – cars with character
  Golf, GTI, Tiguan, Passat, Jetta and Magotan
- Global presence and scalable platforms: Volkswagen Group backbone
- Unsurpassed market leadership in China, market leadership in Europe, and corresponding better price position of products
- Committed, highly qualified workforce that identifies with the brand
- Quality orientation, an eye for detail, and superb technical expertise
Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

<table>
<thead>
<tr>
<th>Competitiveness</th>
<th>Secure the Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase of productivity by 25%</td>
<td>• 4 additional models: 2 conventional and 2 MEB vehicles</td>
</tr>
<tr>
<td>• Reduction of plant costs</td>
<td>• Investments in:</td>
</tr>
<tr>
<td>• Increase of productivity by 25%</td>
<td>• Electric drive trains</td>
</tr>
<tr>
<td>• Discontinuation of unprofitable products</td>
<td>• Pilot facility battery cell</td>
</tr>
<tr>
<td>• Reduction of hardware-oriented development work</td>
<td>• Battery system</td>
</tr>
<tr>
<td>• Increased efficiency in development processes</td>
<td>• Competency/capacity increase in autonomous driving, electrification, connectivity etc.</td>
</tr>
<tr>
<td>• Reduction of bureaucracy</td>
<td>• Creation of employment in new business segments</td>
</tr>
</tbody>
</table>

Reduction in workforce based on demographic curve
Strategic realignment of Volkswagen brand will take place in three phases:

1. Radical restructuring
   - Restructuring
   - Development of expertise
   - Acceleration
   - SUV offensive

2. Leap to the top of electric mobility
   - MEB offensive
   - Extension of earnings base
   - Growth
   - Excellence

3. Major transformation
   - New business models
   - Mobility solutions worldwide

- Diesel crisis 2015: 2% RoS*
- Leading and profitable volume manufacturer 2020: 4% RoS**
- Global leader in e-mobility 2025: 6% RoS**
- Global leader in auto-mobility 2030: >6% RoS**

* before special items
** Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)
Volkswagen brand image in critical markets will be improved step by step and brought in line with Europe

**Brand positioning**

Volkswagen brand image in critical markets will be improved step by step and brought in line with Europe.

**Measures for a globally consistent brand positioning**

- SUV and BEV offensive
- Customer-relevant innovation
- Price positioning depending on brand strength and purchasing power in the target group of the aspiring middle class
- Strengthen brand image by means of uniform brand leadership across the world
Realignement of product strategy oriented towards the three phases of the Transform 2025+ strategy

1. Radical restructuring
   - SUV campaign
   - Conventional product portfolio

2. Leap to the top of electric mobility
   - 1st MEB wave
   - 2nd MEB wave
   - Transformation
   - Toolkit strategy
   - Engines strategy

3. Major transformation
   - New mobility

Volkswagen going forward

- Volkswagen Group
- Volkswagen Brand Strategy 2025+
- Volkswagen Truck & Bus
- Regions / FS
- Trends

2015
- Diesel crisis
  - 2% RoS*

2020
- Leading and profitable volume manufacturer
  - 4% RoS**

2025
- Global leader in e-mobility
  - 6% RoS**

2030
- Global leader in auto-mobility
  - >6% RoS**

*) before special items
**) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)
Reducing complexity leads to lower expenditure, frees up resources and increases productivity

<table>
<thead>
<tr>
<th>Business field</th>
<th>Reduced number of variants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sucessors / new vehicles</td>
<td>-30 to -60%</td>
</tr>
<tr>
<td>Platforms</td>
<td>-40%</td>
</tr>
<tr>
<td>Drivetrains</td>
<td>-30 to -40%</td>
</tr>
</tbody>
</table>

>15,000 fewer component variants

>€700 million lower initial investment
The number of platforms will be reduced consistently to create economies of scale worldwide.

Currently 13 PQx

PQ12

MEB

Further steps tbd.

2012 2019 2026 2030

New toolkit (MEB)

MEB enables cost and concept leadership for electric vehicles

Conventional toolkit (MQB)

Using MQB for second product life cycle minimises the expenditure necessary for the transformation (no further changes to platform basis necessary)

Old platforms (PQx)

Avoiding expenses for maintaining and upgrading vehicles by discontinuing eleven of the PQ platforms
The Volkswagen brand will implement MEB to make electric vehicles affordable and profitable

Key measures

- Concept determined by: customer benefit and package for cost-optimized implementation of e-components
- MEB: economies of scale from use of MEB across entire Group
- “Design for manufacturing“: higher productivity, shorter manufacturing time
- Lower material and distribution costs
- Significant reduction in variants
- Early involvement of suppliers
Volkswagen passenger cars is planning a strong comeback in the USA

Focus on US Core Segments

Key measures

- Extend SUV offering, focus on US core segments (SUVs, sedans)
- Market-oriented pricing
- Market-oriented alignment to local standards and customer expectations
- Reduce material, product and fixed costs
- “Electrify America”: infrastructure and locally produced cars from 2021
A product offensive will initiate a new growth phase in South America

Product offensive in South America

- **Polo Global**
- **Polo Sedan Global**
- **Small SUV Global**

Key measures

- Restructuring: reduce capacities and fixed costs
- Increase productivity, align products to local requirements
- Product offensive, €2.5 bn investment
- New brand positioning
- New growth strategy for Latin America
Volkswagen Brand new mission statement

Volkswagen – Moving People Forward

We are putting the future into series production – as the global leader for e-mobility.

We drive our customers and society forwards – with passion and innovation.

We use our strengths – to shape the transformation together.

Enthusiastic customers

Secure earnings power

A strong team that gets things moving

Sustainable mobility

TRANSFORM 2025+
12 KPIs measure the achievement of the strategy in four targets

**Enthusiastic customers**
- Best-in-class recommendation from enthusiastic customers
- Top quality for the customer
- Direct customer contact in a digital environment

**A strong team that gets things moving**
- Vibrant corporate culture and dedicated employees
- Employer of choice for top talents
- Great diversity and expertise in our team

**Secure earnings power**
- Secure operating return
- Secure return on investment
- Ensuring financial viability

**Sustainable mobility**
- Global market leader in electric mobility
- Integrity as a guiding principle
- Reducing our carbon footprint
Product line organisation and regionalisation are making us faster and more entrepreneurial

Product line organisation

- **G1 – Small**
- **G2 – Compact**
- **G3 – Mid- & Fullsize**
- **G4 – e-Mobility**

New organisation model implemented in all product lines

Regionalisation

- **NAR**
  - Head NAR
  - F V E B P S GS

- **SAM**
  - Head SAM
  - F V E B P S CEO VWA

- **CHN**
  - Head CHN
  - F V E GS, G1-3 G4 Project EBO*

New organisation model implemented for the regions

* EBO = Budget Car Organisation
Core challenges in commercial vehicle industry ...

- **Cyclical markets**
  - Strong correlation to GDP in developed world
  - Not all regions hit by economic downturns at the same time

- **Further globalization**
  - Local OEMs dominating in BRIC markets
  - Improving infrastructure, stronger regulations open opportunities for Volkswagen

- **Emission regulations**
  - Europe with aggressive regulations, focus shifting to diesel lock-outs
  - BRIC trailing behind, but with ambitious roadmap

- **Connectivity & digitalization**
  - Platooning and partly-autonomous driving as transition solutions
  - Data management for customers and traffic of broad interest

- **After sales and new business opportunities**
  - After sales increasingly important as alternative source of revenues
  - New business models (e.g. enhanced telematics) can stabilize revenues
... require Volkswagen truck brands to cooperate closely

**Cyclical markets**

**Further globalization**

**Emission regulations**

**Connectivity & digitalization**

**After sales and new business opportunities**

---

**Global market reach** to ensure sufficient volume in local up- & downturns

**Reduced fixed costs** through modularization and shared components

“**Navistar alliance**: 16.6% equity, $256m, closure H1 2017”

**Combined R&D know-how** for competitive product development

**Additional value** through customer services

---

**Close cooperation going forward**

---

**VOLKSWAGEN TRUCK & BUS**
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

<table>
<thead>
<tr>
<th>Compact</th>
<th>Midsize</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEDAN</td>
<td>SEDAN</td>
</tr>
<tr>
<td>Jetta</td>
<td>Passat</td>
</tr>
<tr>
<td>SUV</td>
<td>SUV</td>
</tr>
<tr>
<td>Tiguan</td>
<td>Atlas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>2015 (m units)</th>
<th>2015 (%)</th>
<th>FC Volume Δ 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>Wagon</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>

II. Portfolio Optimization / enter new segments

- Leverage portfolio opportunities
- Check currently offered models with insufficient contribution

- Expand e-Golf
- Introduce BEVs
- Introduce HEV

III. Transfer to Electrification / new customer experience

- Improved portfolio for market
- E-Mobility rollout

IV. Strong product cadence and sustainable profitability
Deep roots and strong market position combined with further growth potential continues robust performance in China

### Deliveries to customers – strong Jan-September 2016

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>+ 11.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>898</td>
<td>956</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>845</td>
<td>907</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>1,147</td>
<td>1,356</td>
<td></td>
</tr>
<tr>
<td>Jan-Oct</td>
<td>2,890</td>
<td>3,218</td>
<td></td>
</tr>
</tbody>
</table>

### Strong operational & financial track record

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit</th>
<th>Dividends paid to Volkswagen AG</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2.6</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>5.2 (3.8 in Q3)</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4.5</td>
<td>3.636*</td>
</tr>
</tbody>
</table>

* Dividend declared

### Implementation of locally produced NEVs

- **Phase 1**: A6 L e-tron
- **Phase 2**: Phideon PHEV
- **Phase 3**: Pure Electric Vehicles based on current toolkits
- **Phase 3**: Electric toolkit (MEB)

### 10 additional SUVs within the next 3-4 years

- ŠKODA
- Volkswagen
- Audi
Volkswagen Financial Services\(^1\): global, well diversified and successful

**Strong global presence**

**Rising penetration rates**

**Continuous portfolio expansion**

<table>
<thead>
<tr>
<th>Year</th>
<th>Financing</th>
<th>Leasing</th>
<th>Insurance / Services</th>
<th>Total portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,169</td>
<td>1,338</td>
<td>31.6%</td>
<td>7,064</td>
</tr>
<tr>
<td>2009</td>
<td>1,964</td>
<td>1,508</td>
<td>33.0%</td>
<td>7,064</td>
</tr>
<tr>
<td>2010</td>
<td>2,148</td>
<td>1,508</td>
<td>34.9%</td>
<td>7,064</td>
</tr>
<tr>
<td>2011</td>
<td>2,246</td>
<td>1,524</td>
<td>36.3%</td>
<td>7,064</td>
</tr>
<tr>
<td>2012</td>
<td>2,691</td>
<td>1,623</td>
<td>37.4%</td>
<td>7,064</td>
</tr>
<tr>
<td>2013</td>
<td>3,281</td>
<td>1,808</td>
<td>38.1%</td>
<td>7,064</td>
</tr>
<tr>
<td>2014</td>
<td>3,756</td>
<td>1,983</td>
<td>38.6%</td>
<td>7,064</td>
</tr>
<tr>
<td>2015</td>
<td>4,879</td>
<td>2,518</td>
<td>39.7%</td>
<td>7,064</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>5,833</td>
<td>2,692</td>
<td>40.2%</td>
<td>7,064</td>
</tr>
</tbody>
</table>

**Diversified funding structure**

- **Equity, liabilities to affiliated companies, other**: 28%
- **Customer deposits**: 22%
- **Asset backed securitization**: 17%
- **Bonds, Commercial Paper, liabilities to financial institutions**: 33%

Total portfolio: 15,819

30.09.2016: €162.7 bn

---

\(^1\) excluding financial service activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services
Challenging emission regulations, trends and business transformation opportunities

**CO$_2$ and EU6 regulations**

- **EU baseline:** 142
- **US baseline:** 219
- **China baseline:** 185
- **EU 2020:** 95
- **US 2025:** 107
- **China 2015:** 167

**Status and forecast of CO$_2$-regulations**

- EU baseline: 142
- US baseline: 219
- China baseline: 185
- EU 2020: 95
- US 2025: 107
- China 2015: 167

**Source:** based on ICCT

**Market / consumer trends**

- **Digitalization**
- **Shorter lifecycles**
- **E-mobility**
- **SUV trend**
- **Automated driving**
- **Shift in priorities**

**Shift in priorities**

- **Volkswagen going forward**
  - **Strategy 2025+**
  - **Volkswagen Truck & Bus**
  - **Regions / FS**
  - **Trends**
**Roadmap battery cell chemistry and energy density**

* basis: eGolf with comparable battery volume

- **2014**: Up to 190 km, 230 Wh/l
- **2017**: Up to 300 km, 410 Wh/l
- **2018**: Up to 380 km, 650 Wh/l
- **2020**: Up to 420 km, 700 Wh/l
- **2025**: Up to 700 km, 1000 Wh/l

**New battery technologies**

- **Up to 500 km**: 800 Wh/l, improved anode and cathode

Lithium ion technology
Roadmap battery cost

Target: < 100€ / kWh
### Analysis of the value chain to achieve the target of ≤€100 / kWh

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Raw material</th>
<th>Cell / Formats</th>
<th>Module incl. assembly</th>
<th>Case, electronics and sub components assembly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lithium</td>
<td>e.g. NMC (Lithium Nickel Manganese Cobalt Oxide)</td>
<td>Pouch</td>
<td>Prismatic</td>
<td></td>
</tr>
<tr>
<td>Nickel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manganese</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cobalt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graphite</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 70% added value
- 10%
- 20%

**Main factor to achieve target**
High-power charging (HPC) infrastructure essential for volume targets

High-Power Charging (HPC)

- HPC for Long Distance Driving
- Station Network along Highways
- Power >150kW up to 320kW
- CCS Standard

~ 290 charging stations

400 charging stations

Volkswagen going forward Group Volkswagen Brand Strategy 2025+ Volkswagen Truck & Bus Regions / FS Trends
The Volkswagen Group strives for a worldwide leading position in Mobility Services

> Until 2020 we will implement a comprehensive portfolio of digital services for all brands

> We will generate a sustainable competitive advantage, we will build up new core competences
The founding of MOIA creates important preconditions for future mobility

- Develop **profitable business models** for the Group and brands
- Focus on **Mobility on Demand**
- Support traditional Group brands concerning **product design and technical requirements** of the vehicles
- „Best of Best“ Management Team bundling know how from the automotive-, software- and services industry
Volkswagen is making digital transformation a top priority concentrating on digitalization and autonomous driving

**Volkswagen Group Future Centers**

- Three new Volkswagen Group Future Centers in Silicon Valley, Potsdam and Beijing

**Autonomous driving**

- 91% of accidents caused by human error → reduce number of accidents
- People spend more than 4 years of their life in the car on average → make that time usable for the driver
- Huge potential for trucks → significantly higher productivity
- Car parked most of the day → customer achieves best return on investment by fully utilizing the car
- Infrastructure limited → has to be used more efficiently

### 20th Century: Engine is the core of the automobile

### 21st Century: Self-driving system is the core of the automobile

**Top fields of use**

- Individual urban mobility
- Commercial vehicles
- Premium cars
- Public transportation
New co-operations and initiatives
We are working on the key trends in our industry …

Digitalization
Connectivity
E-mobility
Sustainability
Smart mobility
Autonomous driving
“Together, we will create a new Volkswagen and play a key role in designing the mobility world of tomorrow”

M. Müller, CEO, June 16th 2016
## Events 2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. May 2017</td>
<td>Annual General Meeting 2017</td>
</tr>
</tbody>
</table>
## Rating Volkswagen Group

<table>
<thead>
<tr>
<th>Investment grade</th>
<th>Moody’s</th>
<th>Standard &amp; Poor’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>AAA</td>
<td>Volkswagen Bank GmbH (N)</td>
</tr>
<tr>
<td>Aa1</td>
<td>AA+</td>
<td>Volkswagen Bank GmbH (N)</td>
</tr>
<tr>
<td>Aa2</td>
<td>AA</td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>Aa3</td>
<td>AA-</td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>A1</td>
<td>A+</td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>A2</td>
<td>A</td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>A3</td>
<td>Baa1</td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>Baa2</td>
<td>Baa2</td>
<td>Volkswagen AG (N)</td>
</tr>
<tr>
<td>Baa3</td>
<td>Baa3</td>
<td>Volkswagen AG (N)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subinvestment grade</th>
<th>Volkswagen Bank GmbH (N)</th>
<th>Volkswagen AG (N), VW FS AG (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ba1</td>
<td>BB+</td>
<td></td>
</tr>
<tr>
<td>Ba2</td>
<td>BB</td>
<td></td>
</tr>
<tr>
<td>Ba3</td>
<td>BB-</td>
<td></td>
</tr>
<tr>
<td>B1</td>
<td>B+</td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>- -</td>
<td>- -</td>
<td></td>
</tr>
</tbody>
</table>

Outlook -> (P)ositive, (S)table, (N)egative, RfD = Ratings under review for Downgrade, RfU = Ratings under review for Upgrade

as of: end August 2016
Automotive Division – Research and Development Costs
(January to September 2016 vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th>2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total R&amp;D costs</td>
<td>9,941</td>
<td>10,129</td>
<td>9,030</td>
<td>8,445</td>
</tr>
<tr>
<td>of which capitalized</td>
<td>3,292</td>
<td>4,222</td>
<td>2,381</td>
<td>2,538</td>
</tr>
<tr>
<td>amortization</td>
<td>2,381</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognized in the income statement</td>
<td>9,030</td>
<td></td>
<td>8,445</td>
<td></td>
</tr>
<tr>
<td>Total R&amp;D costs of which capitalized</td>
<td>3,292</td>
<td>4,222</td>
<td>2,381</td>
<td>2,538</td>
</tr>
<tr>
<td>amortization</td>
<td>2,381</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognized in the income statement</td>
<td>9,030</td>
<td></td>
<td>8,445</td>
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</tbody>
</table>

€ million

12,000

10,000

8,000

6,000

4,000

2,000

0

33.1%

41.7%
## Special Items: Diesel related and other

<table>
<thead>
<tr>
<th></th>
<th>Diesel</th>
<th>Other</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td><strong>(In € bn)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Legal</td>
<td>7.0</td>
<td>Restructuring:</td>
<td></td>
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<tr>
<td>Other items</td>
<td>9.2</td>
<td>Truck Business South America</td>
<td>0.2</td>
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<tr>
<td></td>
<td></td>
<td>Passenger Cars South America</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Airbags Takata</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16.2</td>
<td></td>
<td>16.9</td>
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<td><strong>Q1-Q3 2016</strong></td>
<td></td>
<td>Scania Anti-Trust Proceedings</td>
<td>0.4</td>
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<tr>
<td>Mainly legal risks</td>
<td>2.0</td>
<td>Airbags Takata</td>
<td>0.2</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total to date</strong></td>
<td>18.2</td>
<td></td>
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Modular toolkits – Brand responsibilities

MQB
- Modular Transverse Toolkit
  - Volkswagen
- Modular Longitudinal Toolkit
  - Audi

MLB
- Modular Longitudinal Toolkit
  - Porsche
  - Audi

MSB
- Modular Standard Drivetrain Toolkit
  - Volkswagen Commercial Vehicles

MNB
- Modular Light Commercial Vehicle Toolkit
  - Porsche

MMB
- Modular Mid-engine Toolkit
  - Porsche

MEB
- Modular Electric Toolkit
  - Volkswagen
Transform 2025+
We have defined central fields of action for each phase

Radical restructuring
- Assert a global brand position – Top of Volume
- SUV as launch pad for emotionalization and earnings power
- Basis for market leadership in electric mobility
- Create basis for market leadership in connectivity
- Europe/China: secure market leadership
- Turnaround NAR
- Successful in economy regions/markets (SAM, RUS, IND)
- Direct customer relationship, new sales and distribution concept
- Implement „Future Pact“
- Redirect resources
- Decentralize organisation and make it more agile
- Concentrate on value creation in all business areas
- New corporate culture, anchor entrepreneurial thinking

Leap to the top of electric mobility
- First choice for the aspiring middle class
- Leader in transformation of the car industry
- Secure earnings from classic product portfolio
- First manufacturer with 1 million electric vehicles
- Cost leadership in electric mobility
- Leading digital ecosystem in the automotive sector
- Establish basis for autonomous mobility and future business models
- Profitable in NAR
- Growth and profitability in economy segment
- Operational excellence throughout the entire value chain

Major transformation
- Leading digital ecosystem in the mobility sector
- Business model for
  - Autonomous driving
  - Profitable coverage of new fields of mobility
  - Emission-free driving
  - Global and tailored vehicle portfolio

Timeline:
- 2015: Diesel crisis 2% RoS*
- 2020: Leading and profitable volume manufacturer 4% RoS**
- 2025: Global leader in e-mobility 6% RoS**
- 2030: Global leader in auto-mobility >6% RoS**

*1 before special items
** Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)
The SUV offensive has a global impact: Investment channeled into high earnings and high growth segments

<table>
<thead>
<tr>
<th>Small SUV</th>
<th>T-Roc</th>
<th>Compact SUV</th>
<th>Compact SUV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New</td>
<td>New</td>
<td>New</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Tiguan</th>
<th>Tiguan LWB</th>
<th>Touareg</th>
<th>Atlas</th>
</tr>
</thead>
</table>
Volkswagen brand is planning an industry-leading ecosystem

Platform

Apps/ Services
Board remuneration

- **LTI (Long Term Incentive)**
  - Target achievement valuation
    - Ø LTI Index [%] based on the current year and former three years
    - max. LTI amount capped at €2.0m

- **Individual Performance Bonus**
  - Extraordinary individual performance
    - Individual bonus up to 50% premium on top of bonus
    - max. €1.25m

- **Bonus**
  - Average operating result incl. China, over a period of two years
    - A calculation floor below which no bonus will be paid is in place:
      - Floor: €5.0bn operating result
      - Cap: €2.5m

- **Fixed amount**
LTI Indices

Customer Satisfaction Index + Employee Index + Growth Index
Average of the above Indices
Return index / 100

Overall index
LTI Annual index (max. 200)
Multi-year index 2010/11
Multi-year index 2010/11/12
Multi-year index 2010/11/12/13
Multi-year index 2011/12/13/14
Multi-year index 2012/13/14/15
Multi-year index 2013/14/15/16


126 200 200 200 200 0 ？
Ø 163
Ø 175
Ø 182
Ø 200
Ø 150
？

Multi-year index 2010/11
Multi-year index 2010/11/12
Multi-year index 2010/11/12/13
Multi-year index 2011/12/13/14
Multi-year index 2012/13/14/15
Multi-year index 2013/14/15/16
## Structure of the Volkswagen Group

<table>
<thead>
<tr>
<th>Preferred Shares</th>
<th>206,205,445</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares</td>
<td>295,089,818</td>
</tr>
</tbody>
</table>

- **Porsche SE 52.2%**
- **State of Lower Saxony 20.0%**
- **Qatar Holding 17.0%**
# Supervisory Board

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Mr. Pötsch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Kiesling</td>
<td>Mr. Lies</td>
</tr>
<tr>
<td>Dr. H.-M. Piëch</td>
<td>Dr. Al-Abdulla</td>
</tr>
<tr>
<td>Dr. O. Porsche</td>
<td>Dr. Al-Jaber</td>
</tr>
<tr>
<td>Dr. W. Porsche</td>
<td>Ms. Falkengren</td>
</tr>
<tr>
<td>Mr. Lies</td>
<td>Mr. Weil</td>
</tr>
<tr>
<td>Ms. Falkengren</td>
<td>10</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Ms. Dietze</th>
<th>Dr. Fischer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fritsch</td>
<td>Mr. Mosch</td>
</tr>
<tr>
<td>Mr. Hofmann</td>
<td>Mr. Zwiebler</td>
</tr>
<tr>
<td>Dr. Fischer</td>
<td>Mr. Hück</td>
</tr>
<tr>
<td>Mr. Mosch</td>
<td>Mr. Osterloh</td>
</tr>
<tr>
<td>Mr. Zwiebler</td>
<td>Mr. Wolf</td>
</tr>
<tr>
<td>Mr. Hück</td>
<td>Mr. Järvklo</td>
</tr>
<tr>
<td>Mr. Osterloh</td>
<td>Mr. Wolf</td>
</tr>
<tr>
<td>Mr. Zwiebler</td>
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</tbody>
</table>

# Management Board

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Mr. Müller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Diess</td>
<td>Dr. Garcia Sanz</td>
</tr>
<tr>
<td>Dr. Blessing</td>
<td>Prof. Heizmann</td>
</tr>
<tr>
<td>Mr. Renschler</td>
<td>Mr. Witter</td>
</tr>
<tr>
<td>Dr. Garcia Sanz</td>
<td>Dr. Hohmann-Dennhardt</td>
</tr>
<tr>
<td>Prof. Heizmann</td>
<td>Mr. Witter</td>
</tr>
<tr>
<td>Mr. Renschler</td>
<td>Mr. Witter</td>
</tr>
<tr>
<td>Mr. Witter</td>
<td>9</td>
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</tbody>
</table>
# Committees of the Supervisory Board

<table>
<thead>
<tr>
<th>Executive Committee</th>
<th>Mediation Committee</th>
<th>Audit Committee</th>
<th>Nomination Committee</th>
<th>Special Committee on Diesel Engines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pötsch (Chairman)</td>
<td>Mr. Pötsch (Chairman)</td>
<td>Dr. F. O. Porsche (Chairman)</td>
<td>Mr. Pötsch (Chairman)</td>
<td>Dr. W. Porsche (Chairman)</td>
</tr>
<tr>
<td>Mr. Hofmann (Deputy Chairman)</td>
<td>Mr. Hofmann (Deputy Chairman)</td>
<td>Ms. Dietze</td>
<td>Dr. W. Porsche</td>
<td>Mr. Fritsch</td>
</tr>
<tr>
<td>Mr. Osterloh</td>
<td>Mr. Osterloh</td>
<td>Mr. Mosch</td>
<td>Mr. Weil</td>
<td>Mr. Lies</td>
</tr>
<tr>
<td>Dr. W. Porsche</td>
<td>Dr. W. Porsche</td>
<td>Ms. Falkengren</td>
<td>Mr. Weil</td>
<td>Mr. Osterloh</td>
</tr>
<tr>
<td>Mr. Weil</td>
<td></td>
<td></td>
<td></td>
<td>Dr. F. O. Porsche</td>
</tr>
<tr>
<td>Mr. Wolf</td>
<td></td>
<td></td>
<td></td>
<td>Mr. Zwiebler</td>
</tr>
</tbody>
</table>
Volkswagen Atlas
Volkswagen I.D
Audi Q5
Porsche 718 Boxster
Lamborghini Centenario
Bugatti Chiron
Scania R500 4x2
We wish you all a merry Christmas and a successful New Year.

Wir alle wünschen Ihnen frohe Weihnachten und ein erfolgreiches neues Jahr.