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Media information

NO. 319/2019

Volkswagen AG considers the indictment by the Braunschweig Public Prosecutor's Office to be unfounded

- **The charges made against Volkswagen are unjustified**
- **The allegations of a possible breach of reporting obligations under capital markets law are unsubstantiated**
- **In light of the approach taken by US authorities in comparable cases, the anticipated financial consequences were not material**
- **The paradigm shift made by the US authorities could not be foreseen**
- **The compliance breach was regarded by the Board of Management as not material and therefore not subject to ad hoc disclosure**

Wolfsburg, September 26, 2019 - Volkswagen AG considers the indictment of the company for alleged market manipulation as a result of an alleged failure to make an ad hoc disclosure in connection with the diesel issue in the United States in 2015 to be unfounded and strongly rejects the allegations by the Braunschweig Public Prosecutor's Office.

"The company and the persons responsible have fulfilled all their reporting obligations under capital markets law. Volkswagen AG will defend itself with all available legal means against these unjustified allegations. If there is a trial, we are confident that the allegations will prove to be unfounded," Dr. Manfred Döss, Head of Legal Affairs at Volkswagen AG, said of the company's legal position.

The Group Board of Management of Volkswagen AG had no specific reason at any time to believe that the company could face financial consequences that would require a disclosure to be made to the capital markets right up until the U.S. Environmental Protection Agency (EPA) published a "Notice of Violation" on 18 September 2015, which attracted extraordinary media attention. The information available to the company was regarded as being not material.

The subsequent financial consequences for Volkswagen AG were neither anticipated nor able to be foreseen by the Group Board of Management before 18 September 2015. The view of the Group Board of Management was supported by the external legal advisors appointed by Volkswagen AG at the time, namely the highly respected US law firm Kirkland & Ellis. At that time, specialized lawyers at the firm repeatedly reviewed these facts in relation to comparable cases involving other automobile manufacturers in the United States and informed Volkswagen AG of their assessments. These assessments and the conclusions that could be drawn from them concerning the financial consequences were well below the threshold that would be material for Volkswagen AG. As a result, the Group Board of Management concluded that the breach of compliance was not objectively material and therefore did not give rise to a requirement for an ad hoc disclosure.

In addition, until 18 September 2015, the Group Board of Management believed that discussions underway with the relevant representatives of the US authorities would lead to a negotiated resolution with financial consequences far below the materiality threshold for Volkswagen AG. This expectation was shown to be incorrect when the Group Board of Management became aware of the completely unexpected “Notice of Violation” on 18 September 2015.

The approach the US authorities took in issuing a “Notice of Violation”, and the specific intentions they pursued to impose sanctions on Volkswagen AG and subsequently do so, represented a paradigm shift that was not and could not have been foreseen by the Group Board of Management of Volkswagen AG or by its respected external US legal advisors.

Over the last four years, with the help of many external legal specialists, Volkswagen AG has carried out detailed investigations into the relevant events of 2015. These investigations did not identify any evidence that past or present members of the Group Board of Management of Volkswagen AG had information that would have caused them to believe that the facts were material and therefore would have led to a disclosure requirement before 18 September 2015.

“Volkswagen AG remains convinced that before the publication of the Notice of Violation there was no ad hoc obligation to inform the capital markets,” Dr. Döss added. Volkswagen AG will therefore defend itself vigorously against the allegations and is confident that legal proceedings will lead to the conclusion that the allegations are unfounded.

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Volkswagen AG
Head of Litigation Communications
Contact Nicolai Laude
Phone +49-5361-9-250 97
E-mail nicolai.laude@volkswagen.de | www.volkswagen-newsroom.com

Volkswagen AG
Litigation Communications | Spokesperson
Contact Michael Manske
Phone +49-5361-9-19 84 66
E-mail michael.manske@volkswagen.de | www.volkswagen-newsroom.com

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products include ranges from pick-ups, buses and heavy trucks. Every weekday, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,8 million (2017: 10,7 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2018 amounted to €17.1 billion (2017: €11.6 billion).
