

The graphic consists of two large, overlapping triangles. The left triangle is light blue and points downwards. The right triangle is a darker blue and points upwards. They meet at a central point, creating a diamond-like shape. The top-right corner of the right triangle is cut off by a dark red triangle.

VOLKSWAGEN
AKTIENGESELLSCHAFT

**We are
redefining
mobility.**

Volkswagen Group

Frank Witter

Chief Financial Officer

Investor Breakfast Meeting with J.P. Morgan, Braunschweig, 23 March 2017

Disclaimer

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.

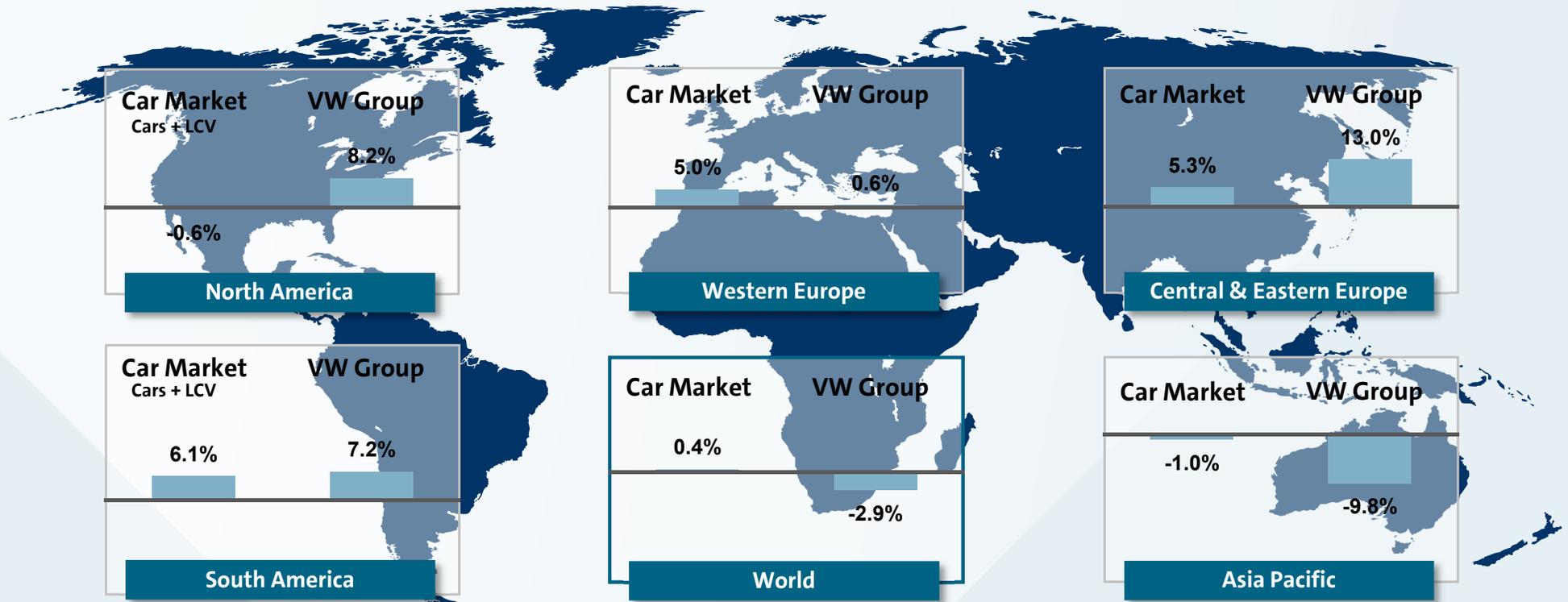
Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. 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.

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.

World car market vs. Volkswagen Group car deliveries to customers ¹⁾ (Growth y-o-y in deliveries to customers, January – February 2017 vs. 2016)

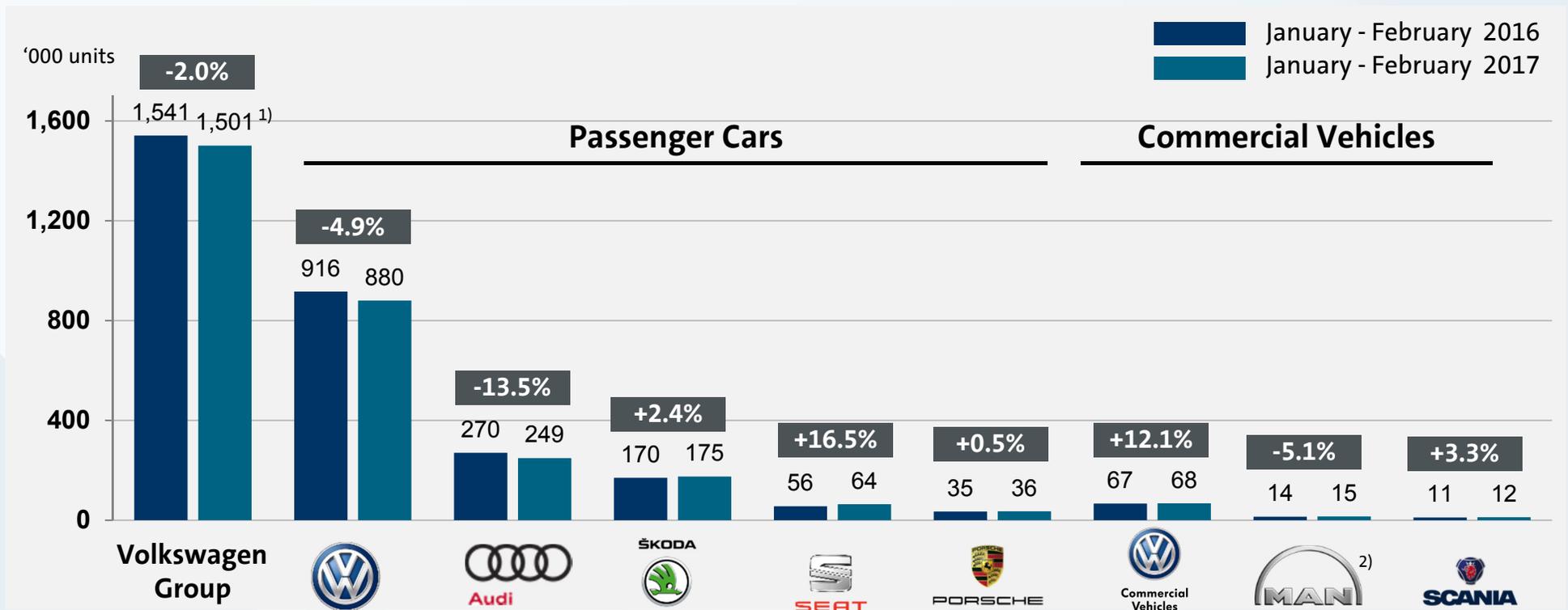


¹⁾ Figures excl. Volkswagen Commercial Vehicles, Scania and MAN Commercial Vehicles.

VOLKSWAGEN

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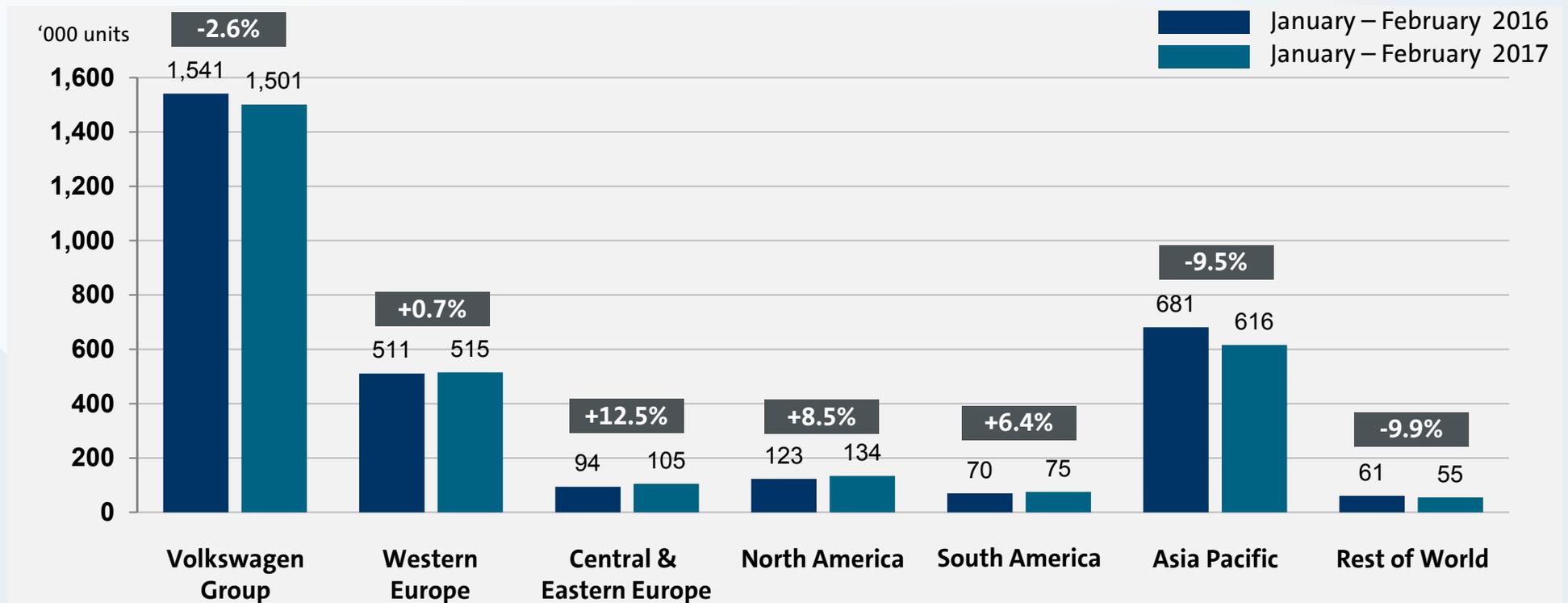
Volkswagen Group – Deliveries to customers by brands (January – February 2017 vs. 2016)



1) Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -4.7% excl. Volkswagen Commercial Vehicles, Scania and MAN.

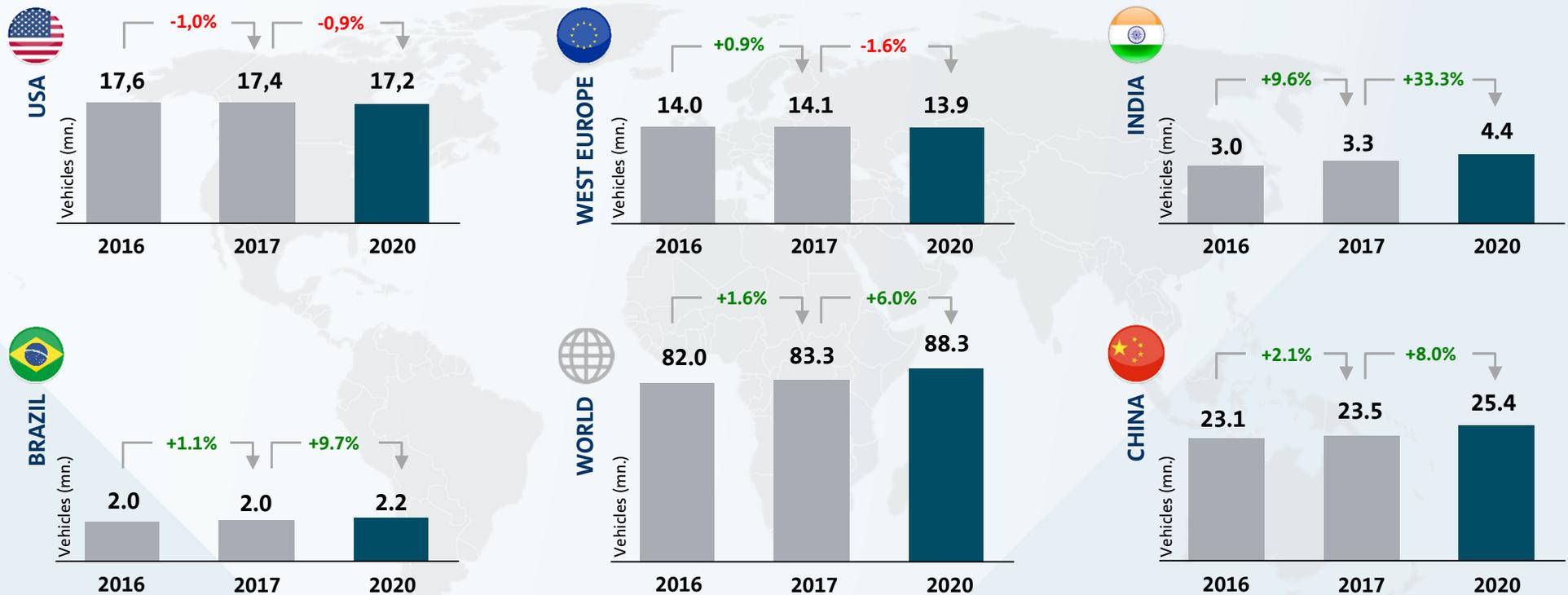
2) MAN Commercial Vehicles incl. MAN Latin America Trucks and Busses GVW > 5t

Volkswagen Group – Deliveries to customers by markets 1) (January – February 2017 vs. 2016)



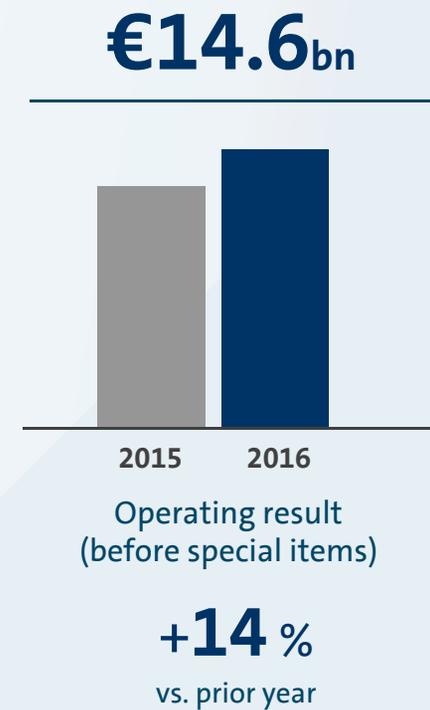
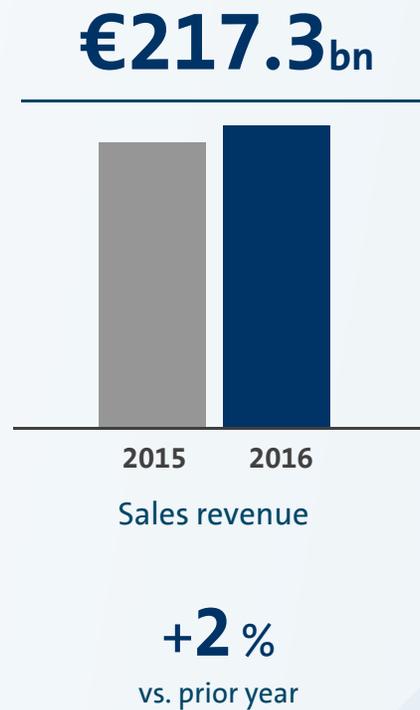
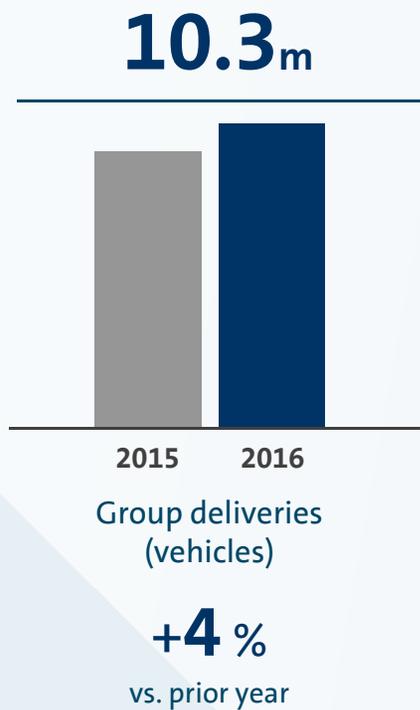
¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles); -4.7% excl. Volkswagen Commercial Vehicles, Scania and MAN.

Car Market Outlook 2020: Stagnation in USA and Europe; recovery in Brazil from a low base; slower growth rates in China; India with solid growth

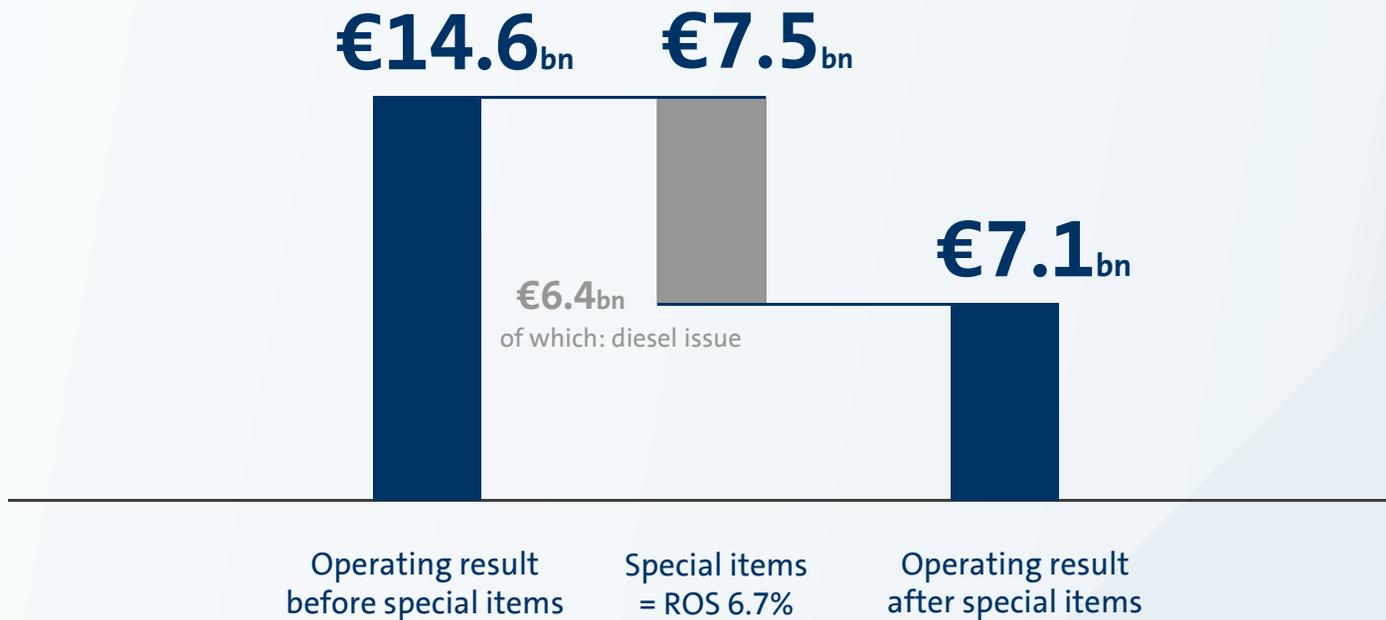


Source: IHS Global Sales forecast 2017M01; Total market for passenger cars in North and South America defined as per 'Light Vehicles' (includes light commercial vehicles)

Record operating performance in 2016 despite crisis

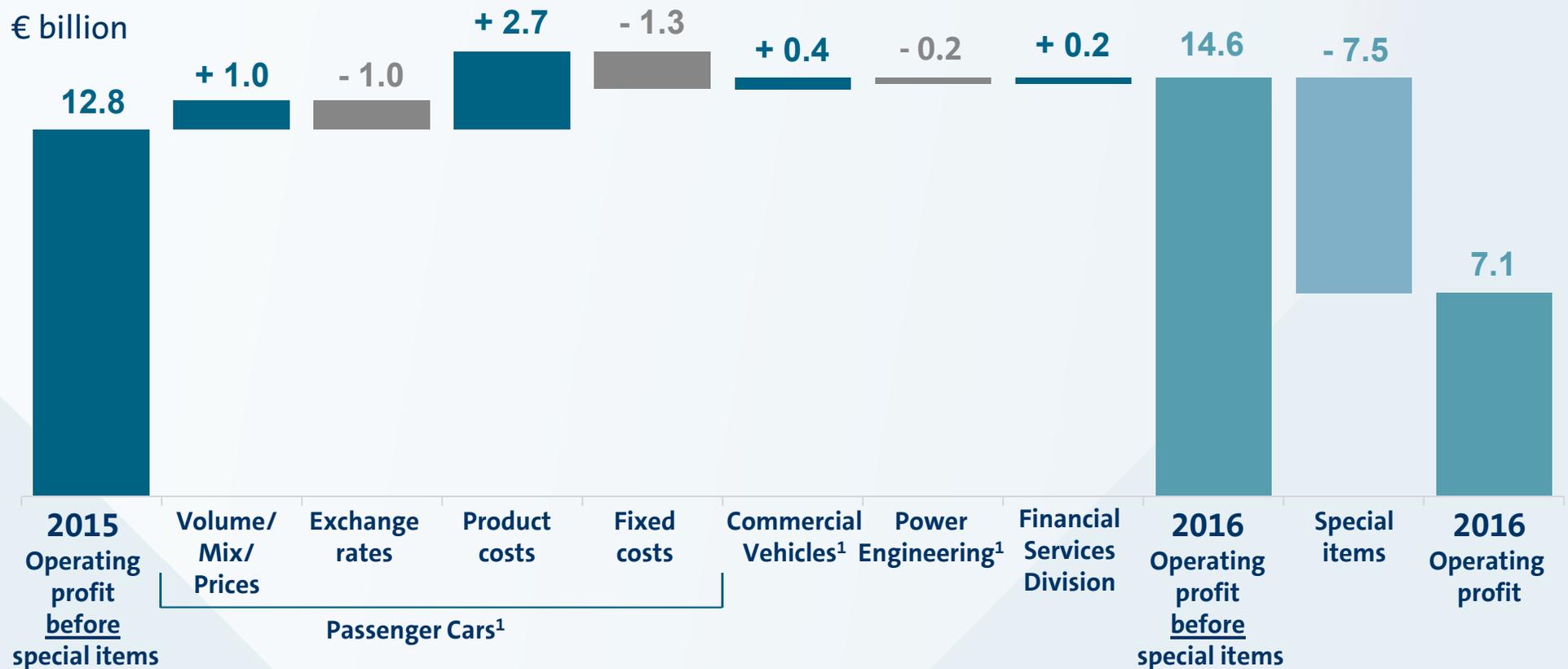


Clearly positive operating result in spite of significant special items once again



Operating profit before special items increases by €1.8 billion to €14.6 billion

€ billion



¹ Incl. PPA

Strong brands contribute to the operating profit of the Group - before special items -

€ million	January – December		Change	
	2015	2016	absolute	in %
Volkswagen Passenger Cars	2,102	1,869	-233	-11.1
Audi	5,134	4,846	-288	-5.6
ŠKODA	915	1,197	282	30.9
SEAT	-10	153	163	x
Bentley	110	112	2	1.5
Porsche ¹	3,404	3,877	473	13.9
Volkswagen Commercial Vehicles	382	455	72	19.0
Scania ¹	1,027	1,072	45	4.4
MAN Commercial Vehicles	-4	230	234	x
MAN Power Engineering	283	194	-89	-31.4
Other ²	-2,440	-1,486	953	39.1
Volkswagen Financial Services	1,921	2,105	184	9.6
Volkswagen Group before special items³	12,824	14,623	1,799	14.0

¹ Including financial services.

² Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of the purchase price allocations.

³ The operating result of the joint venture companies in China is not included in the figures for the Group; they are accounted for using the equity method and recorded a proportionate operating result of €4,956 million (€5,214 million).

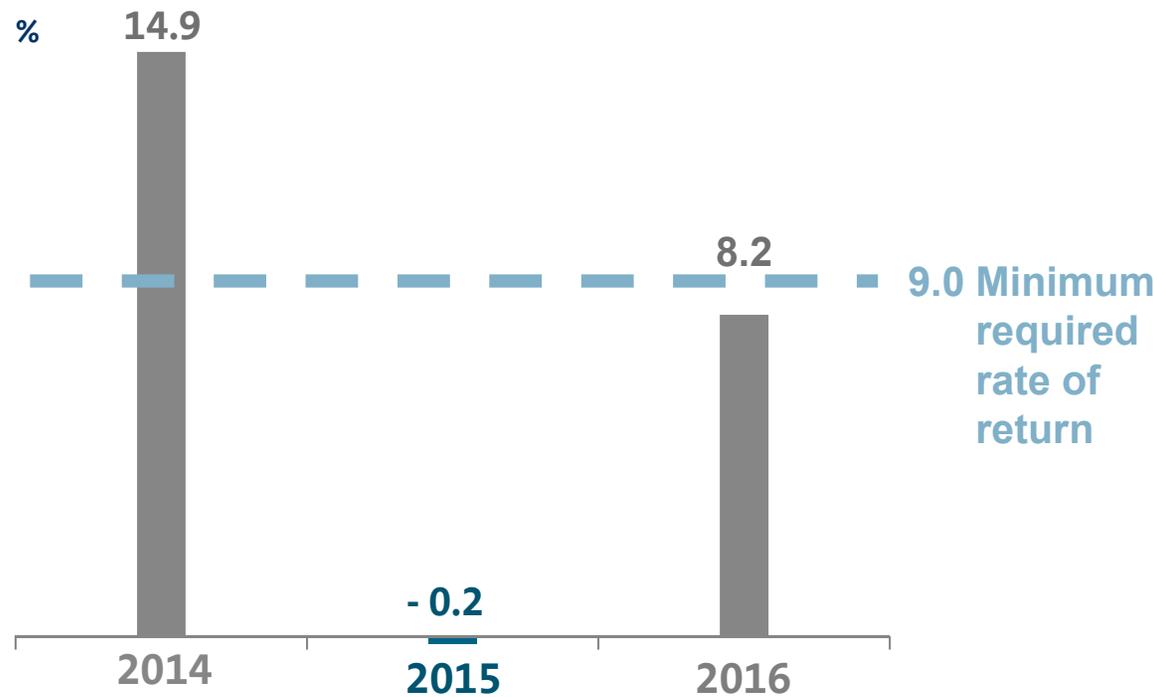
Profit even after special items again positive

€ million	January – December		Change	
	2015	2016	absolute	in %
Sales revenue	213,292	217,267	3,975	1.9
Operating result <u>before</u> special items	12,824	14,623	1,799	14.0
as a percentage of sales revenue	6.0	6.7	-	0.7 ¹
Special items	-16,893	-7,520	9,373	-55.5
Operating result	-4,069	7,103	11,172	x
as a percentage of sales revenue	-1.9	3.3	-	5.2 ¹
Financial result	2,767	189	-2,578	-93.2
Earnings before tax	-1,301	7,292	8,593	x
Income tax expense	-59	-1,912	-1,853	x
Earnings after tax	-1,361	5,379	6,740	x
Earnings per share (Prefs)	-3.09	10.30	X	X

¹ Percentage points

Automotive Division Return on Investment (ROI)¹ also positive

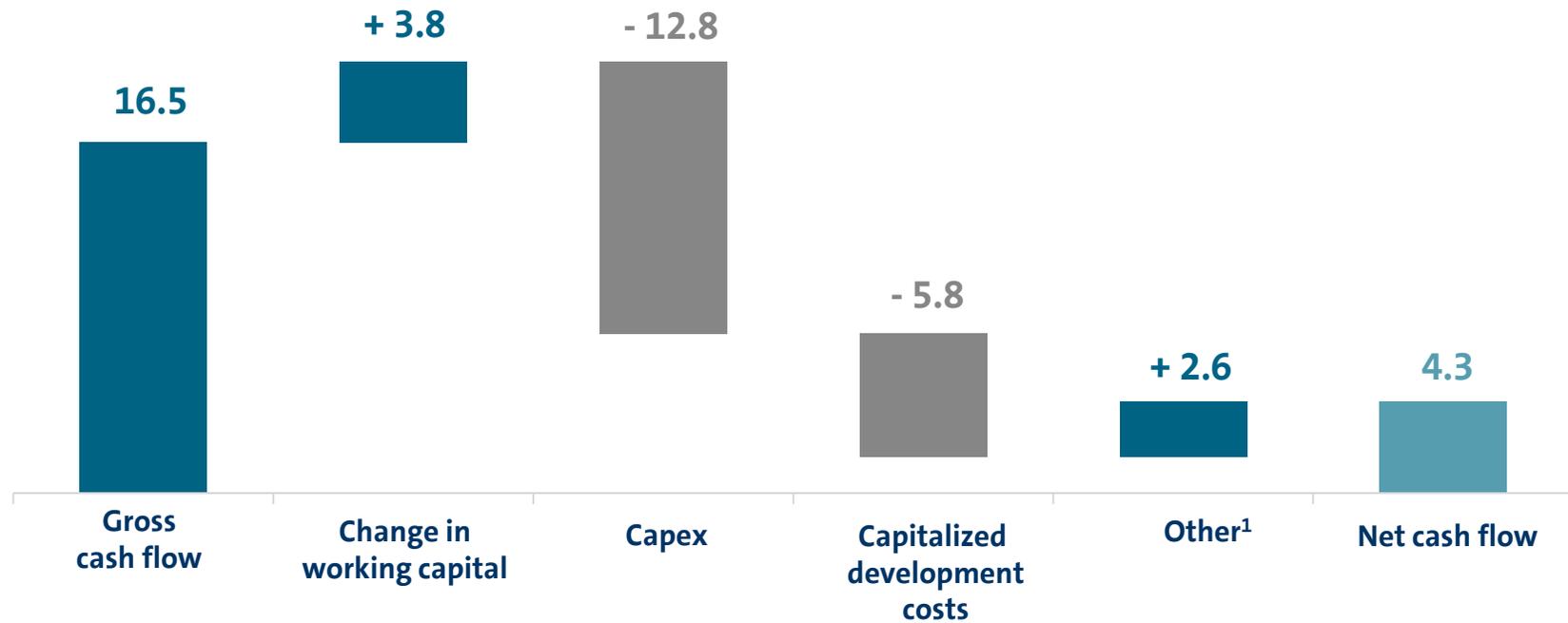
Return on Investment after tax



¹ Including proportionate inclusion of the Chinese joint ventures (incl. sales and component companies) and allocation of consolidation adjustments between the Automotive and Financial Services divisions.

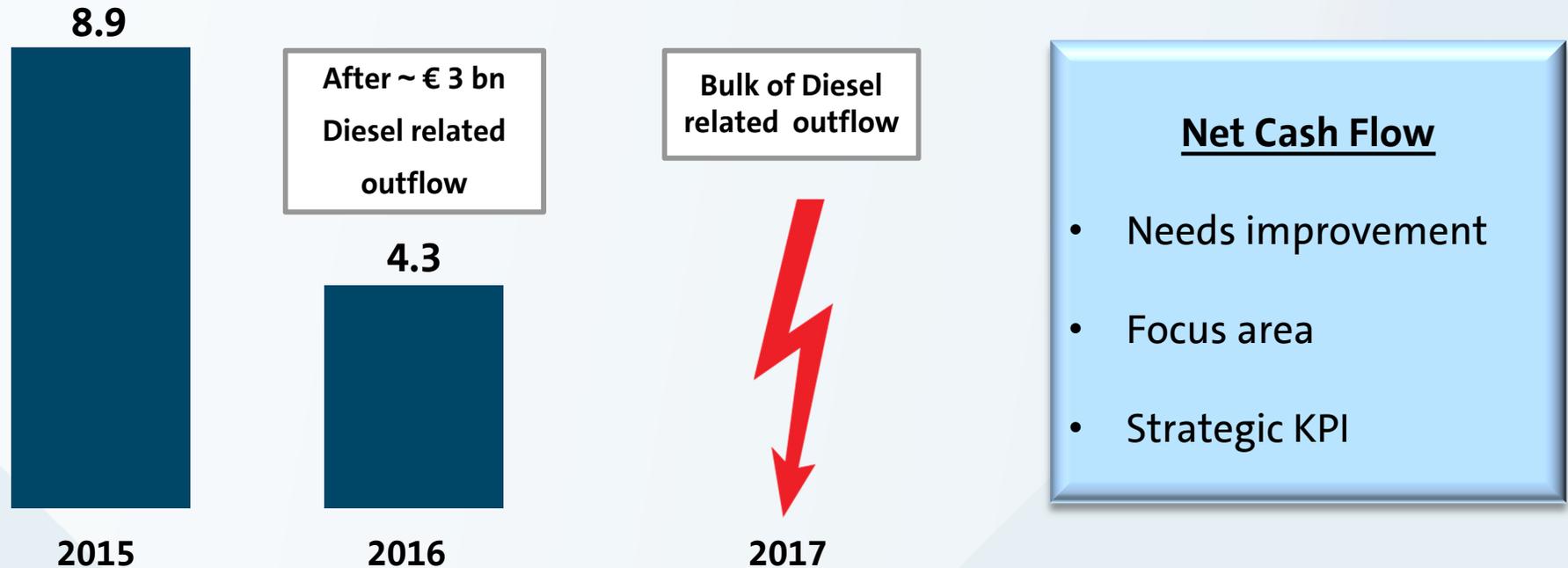
Automotive Division net cash flow 2016: impacted by initial cash outflows relating to the diesel issue

€ billion



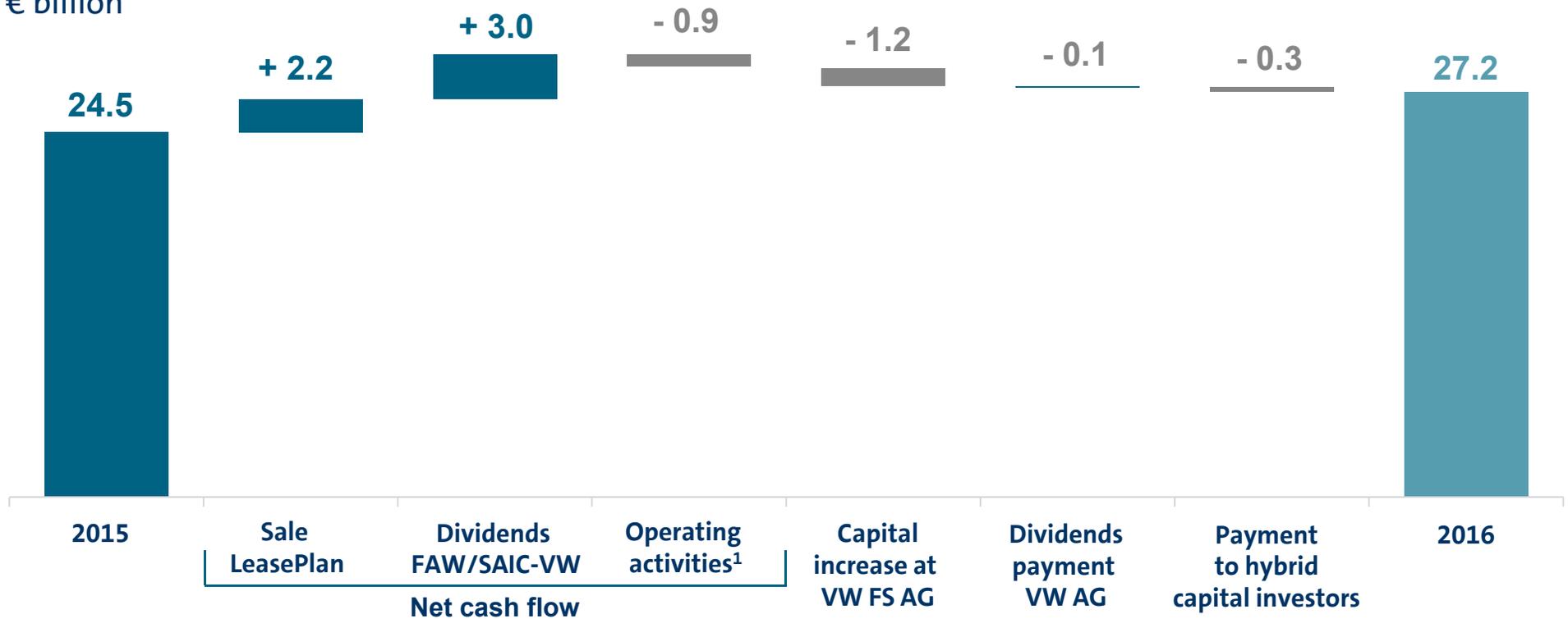
¹ Including sale of LeasePlan shares (€2.2 billion)

Net Cash Flow Automotive 2017 impacted by continuing diesel related outflows – Cash is King! New strategic KPI defined (€ bn)



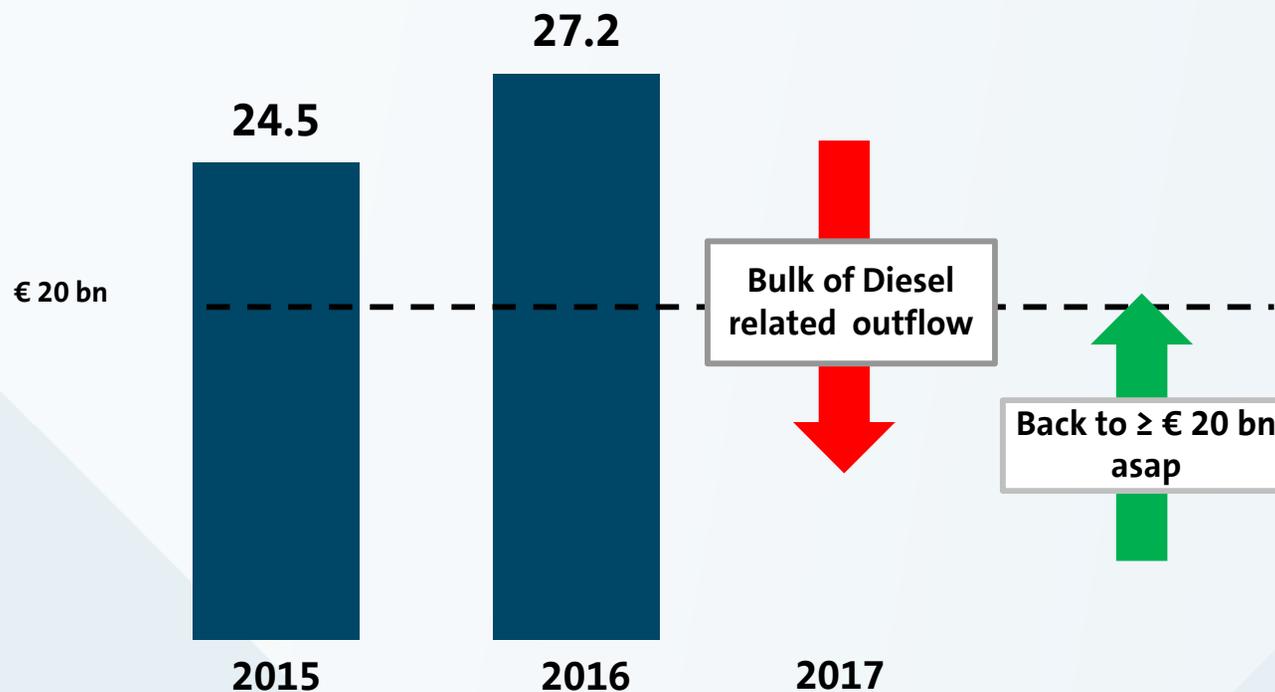
Automotive Division net liquidity on a robust level

€ billion



¹ Including cash outflows resulting from the diesel issue.

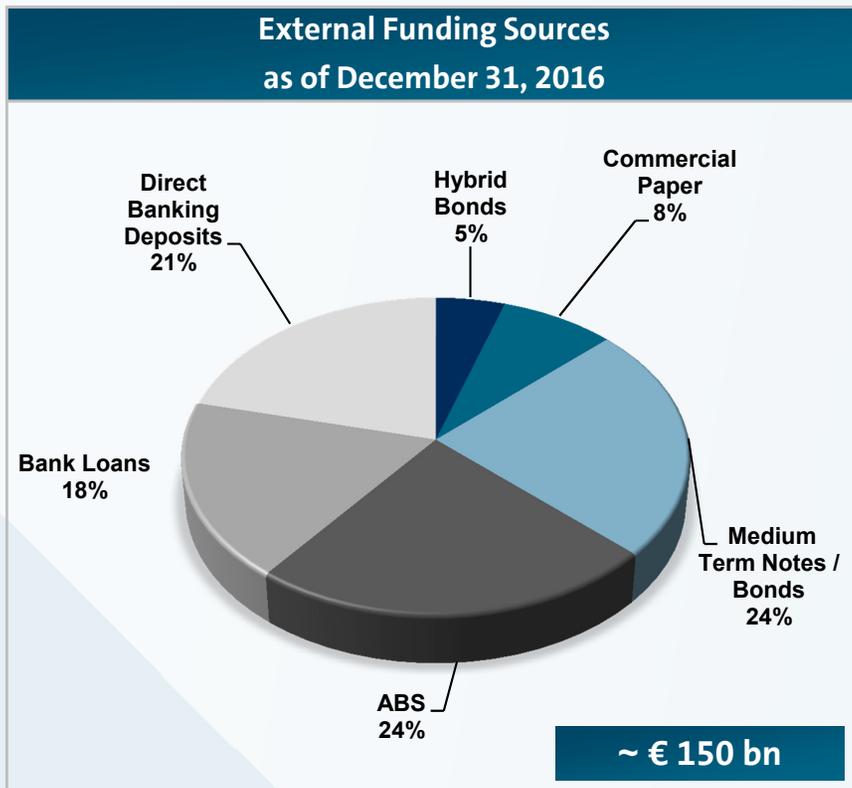
Net Liquidity Automotive (€ bn)



Net Liquidity 2025

- Strategic Target ~10% of Group Revenue
- Improving Operating Cash Flow
- Portfolio Optimization (Strategy Initiative #13)
- Optimize Capital Requirements for FS

Diversified Group funding structure



Funding programs utilization¹⁾

(in € bn)

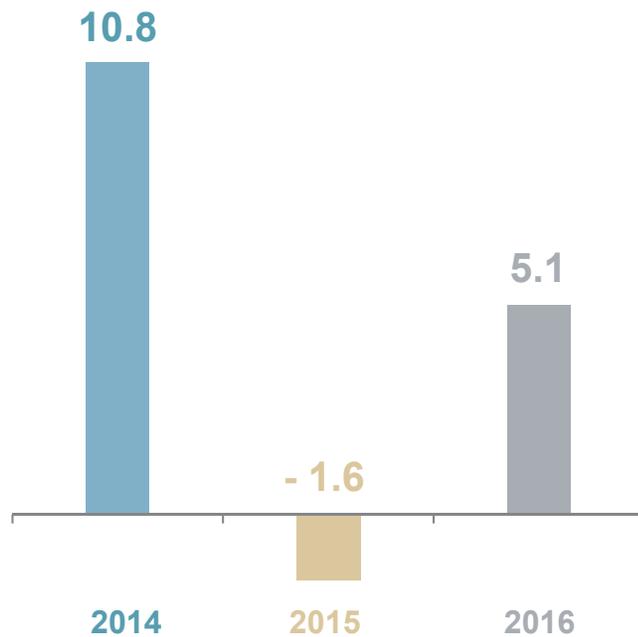
	31.12.16	31.12.15	▲
Money and Capital Markets			
Commercial Papers	12.5	4.6	+7.9
Medium Term Notes / Bonds	44.3	58.9	-14.6
<i>thereof: Hybrid Bonds</i>	7.5	7.5	-
ABS	36.5	29.4	+7.1
Borrowings²⁾			
Committed Lines - Drawings	2.2	6.2	-4.0
Uncommitted Lines - Drawings	10.4	9.8	+0.6
Supranationals, development banks, government, other	15.5	11.9	+3.6
Direct Banking Deposits	32.6	25.5	+7.1
Total Amount	154.0	146.3	+7.7

1) Excluding Scania and Porsche FS,
2) Excluding MAN and Porsche AG subsidiaries

Dividend increases once again – distribution ratio 19.7%

Earnings attributable to Volkswagen AG shareholders

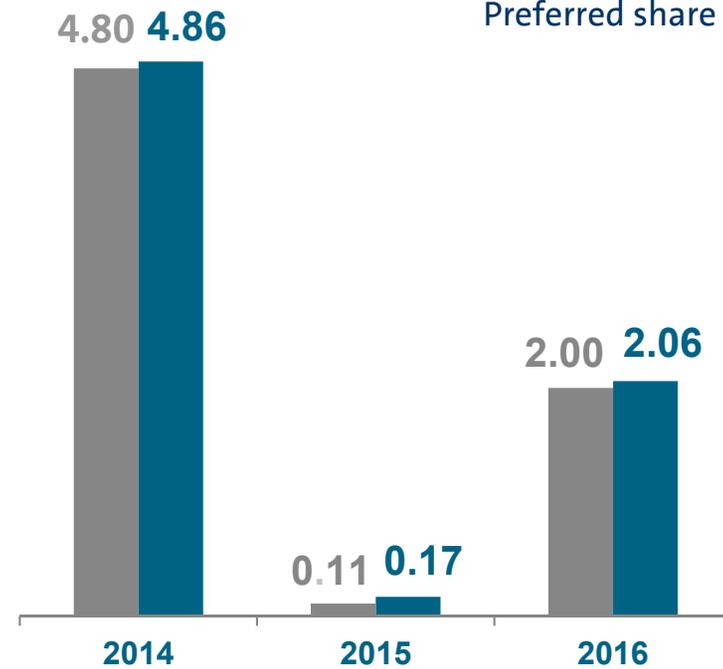
€ billion



Dividend per share

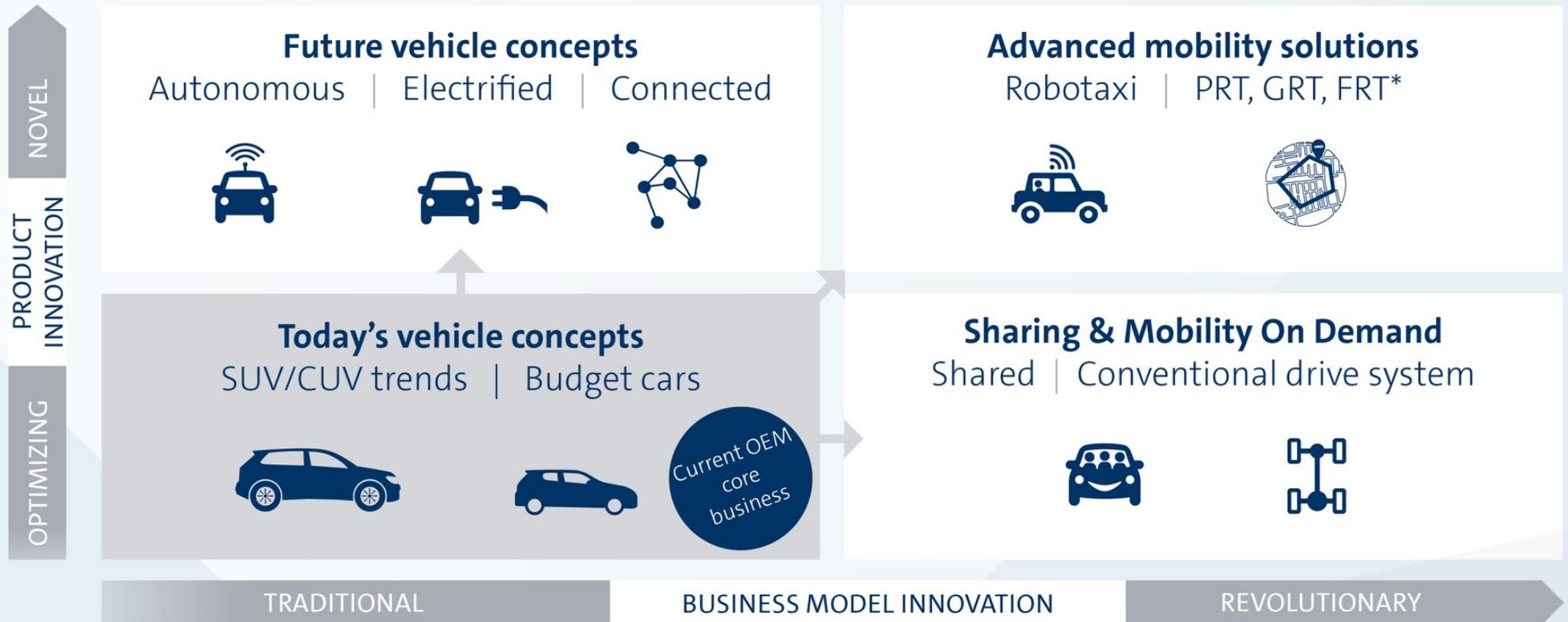
€

Ordinary share
Preferred share



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

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



Transform
core business

DEVELOP
STRATEGIC
CAPABILITIES

ENHANCE
ENTREPRE-
NEURIAL SPIRIT

- 10 Build mobility solutions business
- 11 Develop and expand attractive and profitable smart mobility offering



Build
mobility solutions
business

- 12 Improve operational excellence
- 13 Optimize business portfolio



Secure
funding

- 14 Drive digital transformation

- 15 Create organization 4.0



Strengthen
innovation power

VOLKSWAGEN

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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



Strong market position: positive trend in key regions



3.5m | +3.0%
Group deliveries | vs. prior year

Western Europe



4m | +12.2%
Group deliveries | vs. prior year

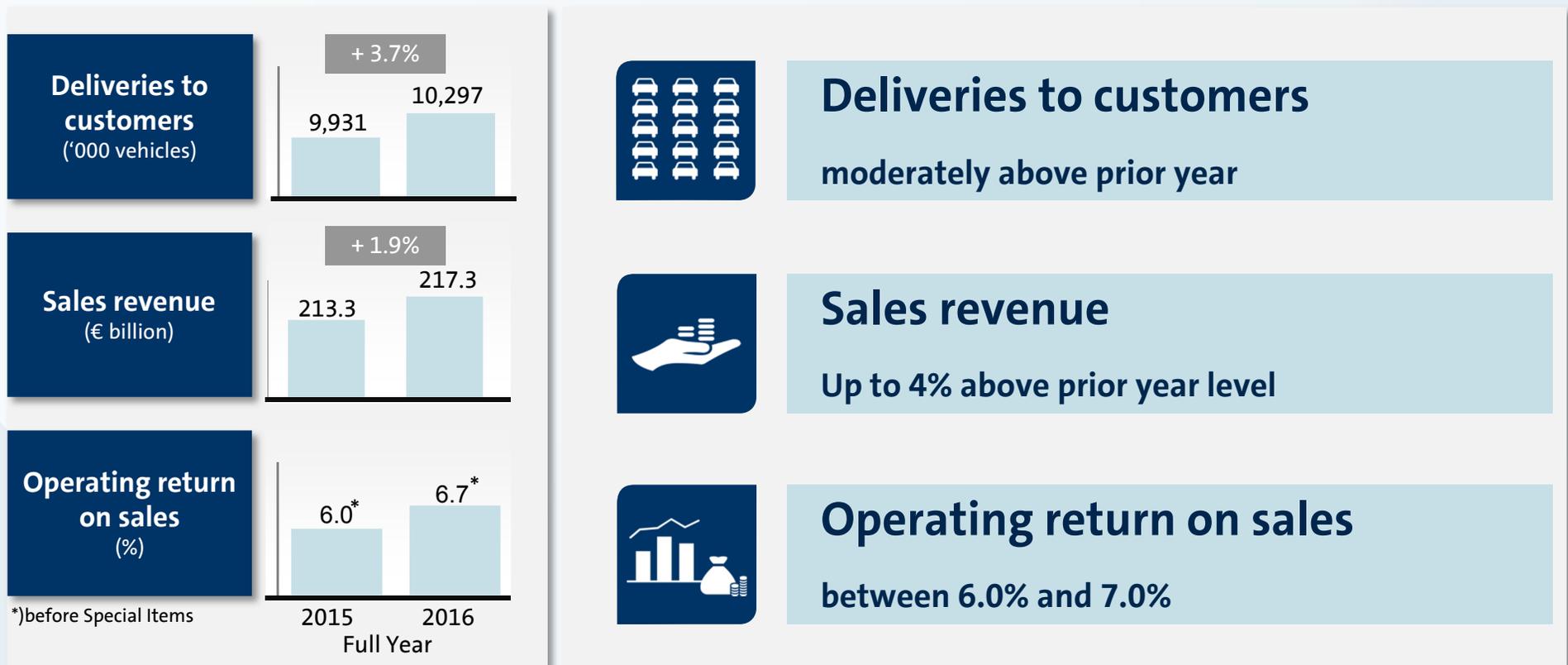
China



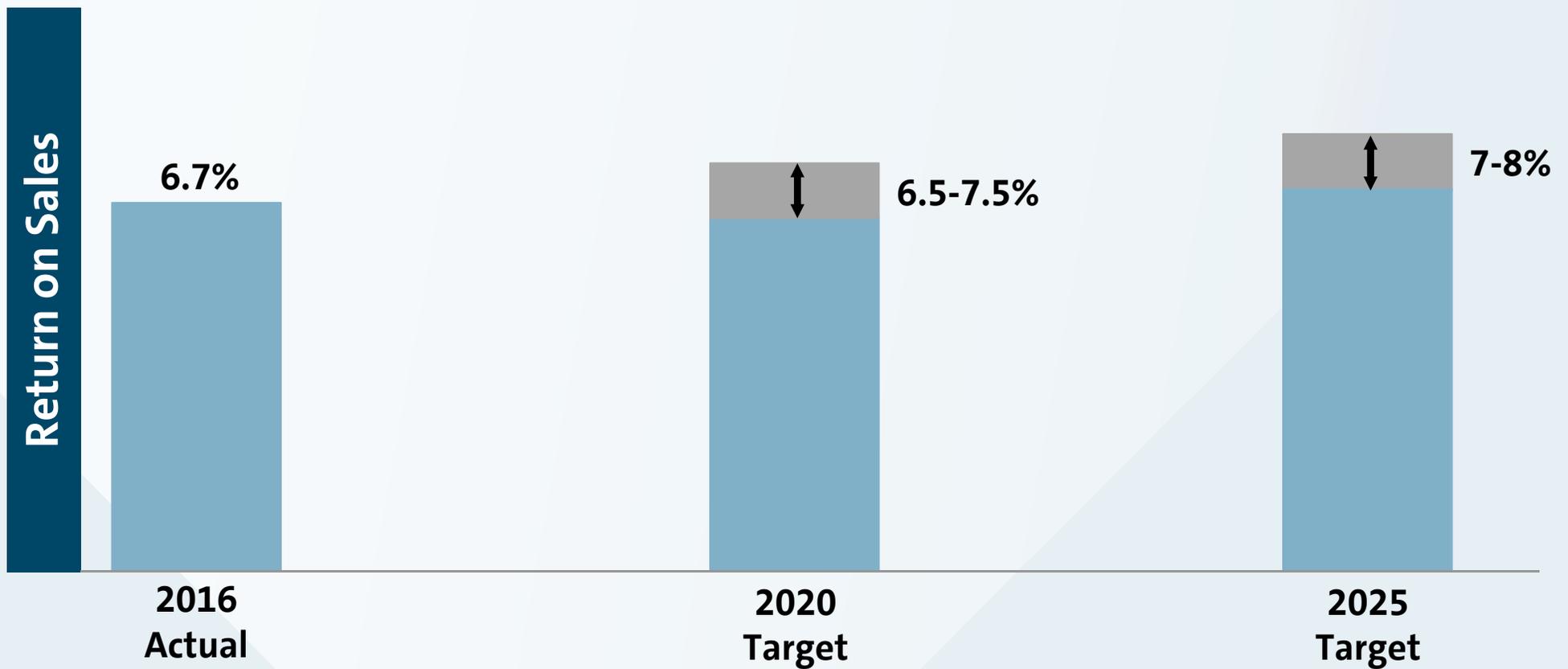
0.94m | +0.8%
Group deliveries | vs. prior year

North America

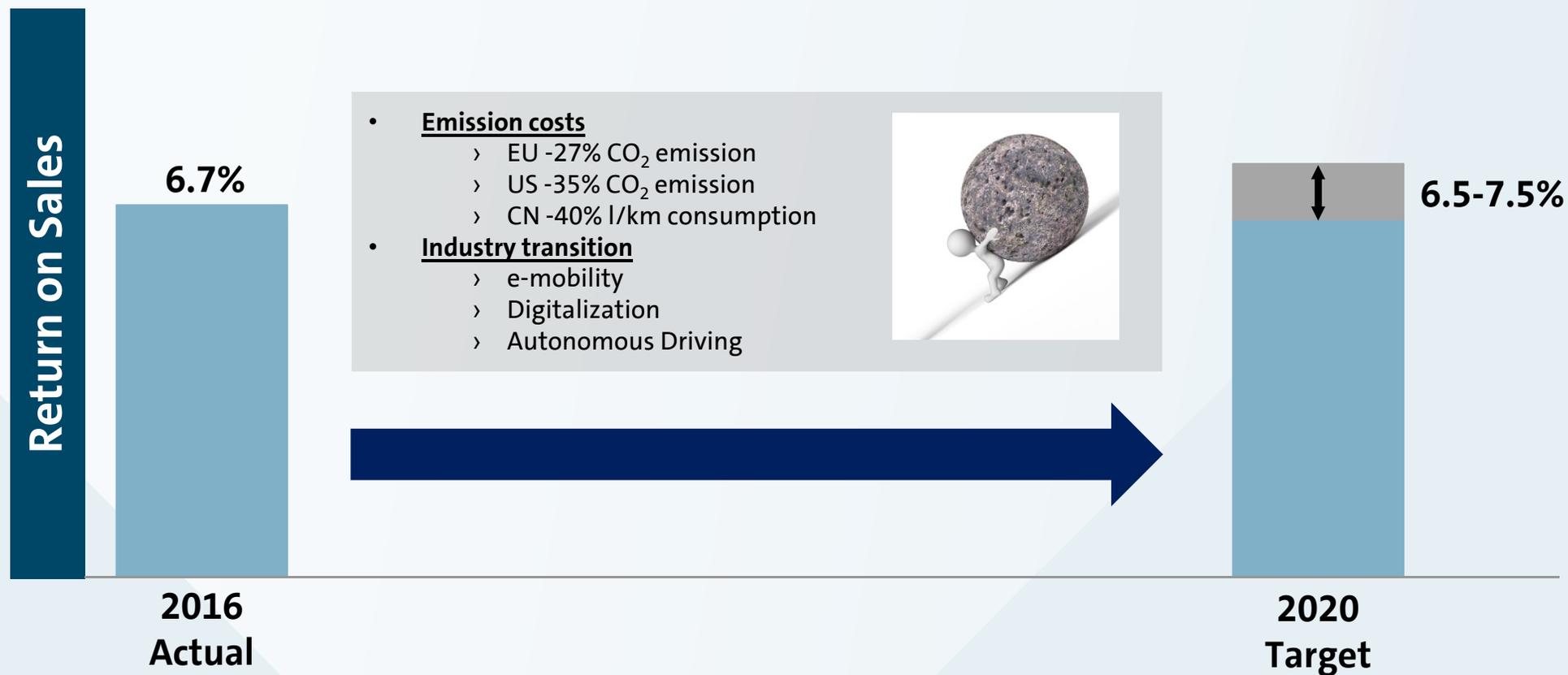
Volkswagen Group – Outlook for 2017



Improving Group results despite significant challenges



Improving Group results despite significant challenges



Guidance Group Financial Performance 2020

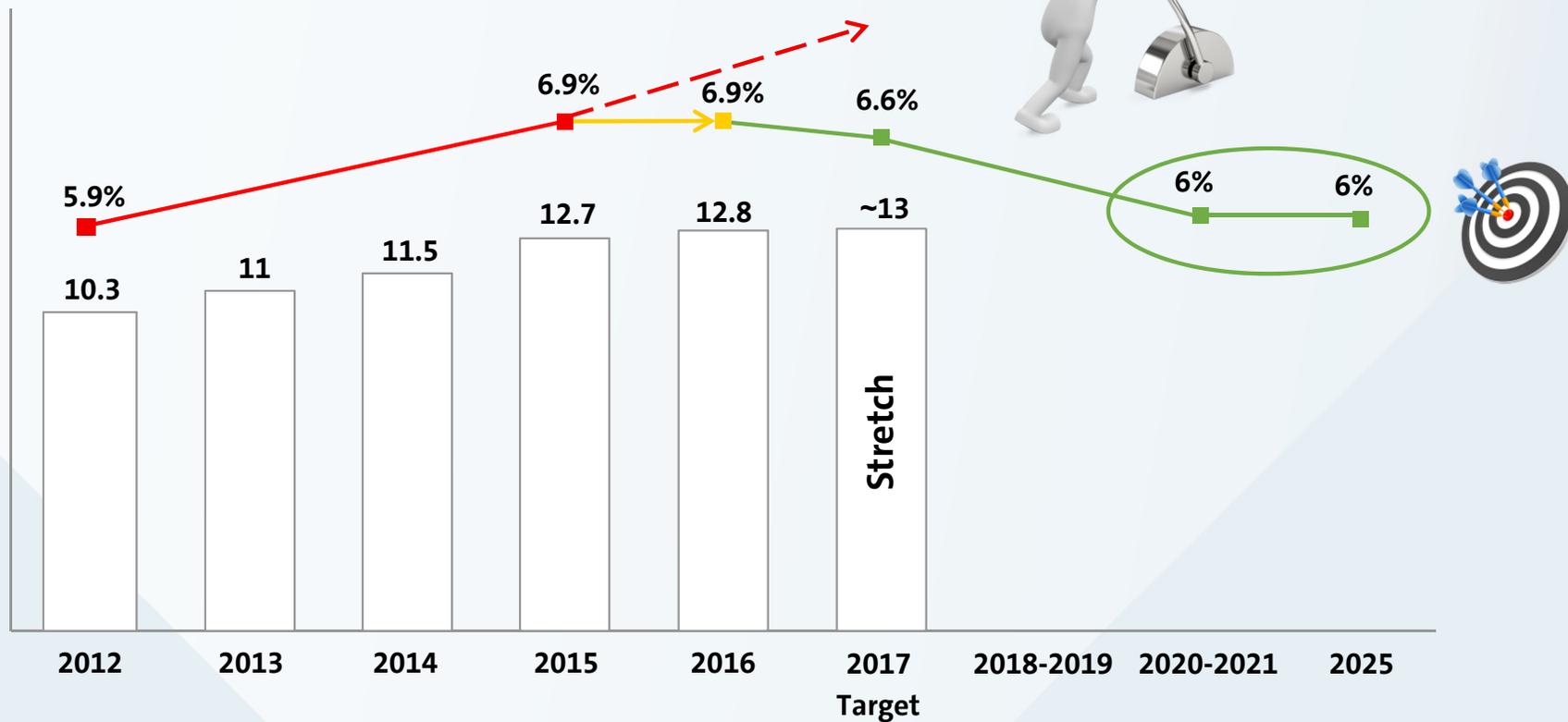
	Result 2016		Upside leverage 2020	
Sales revenue (€ bn)	217.3		 + > 20 %	
	<u>after</u> Special Items	<u>before</u> Special Items		
Operating profit (€ bn)	7.1	14.6	 + 25 %	
Profit before tax (€ bn)	7.3		 + ≥ 25 %	
Earnings per Pref. Share	10.3 €		 + ≥ 25 %	

Clear Financial Targets and Milestones

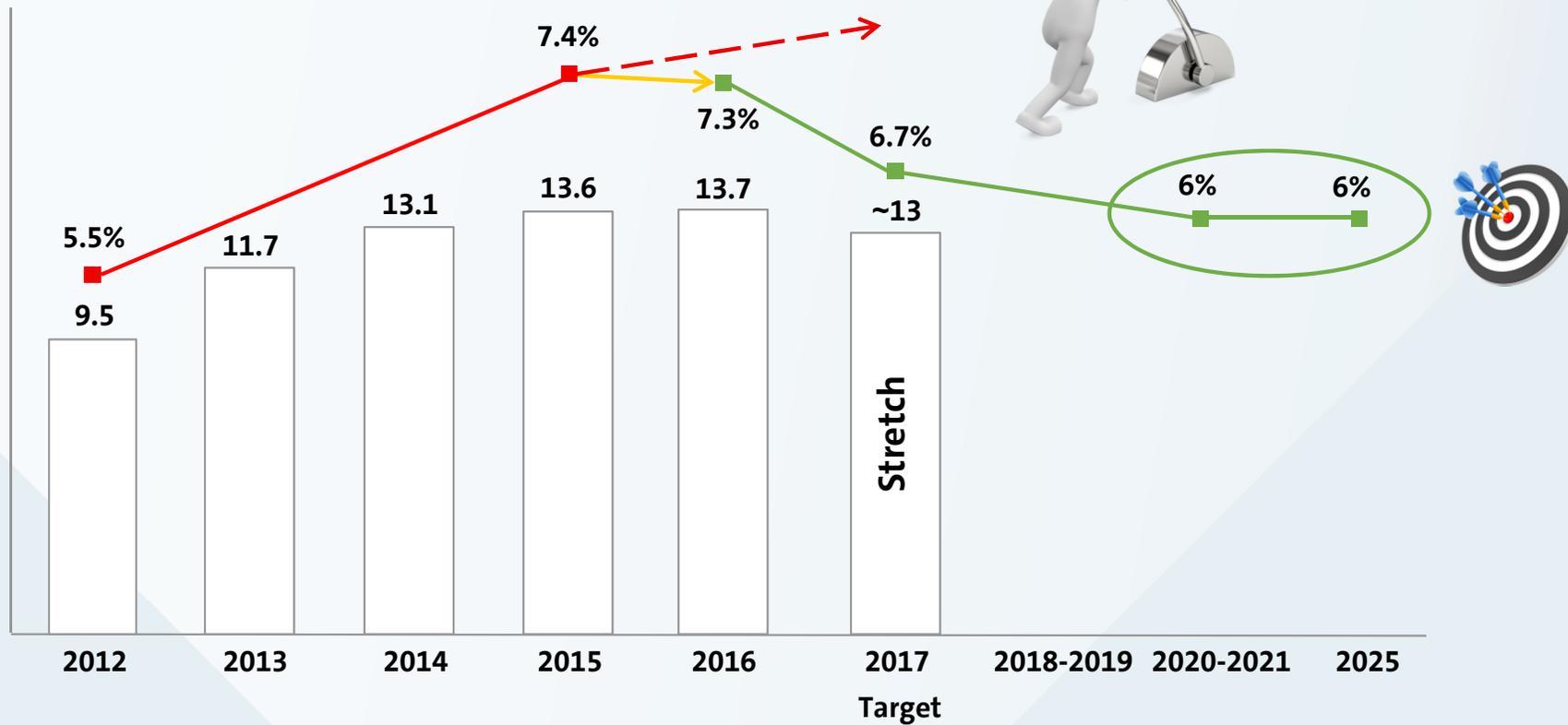
Key financial targets		2016 Actual	2017 Targets	2020 Targets	2025 Targets
Operating return on sales <i>Before special items</i>		6.7%	6-7%	6.5-7.5%	7-8%
Return on investment <i>Automotive Division before special items</i>		13.9%	11-13%	13-15%	>15%
Capex ratio <i>Automotive Division</i>		6.9%	6.6%	6% (2020/21)	6%
R&D cost ratio <i>Automotive Division</i>		7.3%	6.7%	6% (2020/21)	6%
Cash <i>Automotive Division</i>	a) Net Cashflow	€ 4.3 bn	negative	positive ¹⁾	positive ¹⁾
	b) Net Liquidity	€ 27.2 bn	> 15 bn	≥€ 20 bn	~10% of Group turnover

1) after considering a strategic target of 30% Payout Ratio based on Group profit after tax

CAPEX Automotive Division (€ bn, as % of sales revenue)



R&D Cost Automotive Division (€ bn, as % of sales revenue)



Delivering on Core Principles

Accountability

Discipline

Reduced Complexity

Profitability

Modular Toolkits

MQB



Modular Transverse
Toolkit

MLB



Modular Longitudinal
Toolkit

MSB



PORSCHE

Modular Standard
Drivetrain
Toolkit

MNB



Commercial
Vehicles

Modular Light
Commercial
Vehicle Toolkit

MMB



PORSCHE

Modular
Mid-engine
Toolkit

MEB



Modular
Electric
Toolkit

Product Line Organization

(Example Volkswagen Brand)

▶ G1 – Small



▶ G3 – Mid- &
Fullsize



▶ G2 – Compact



▶ G4 – e-Mobility



Cascading Group Targets to Brands

Group KPIs

RoS

RoI

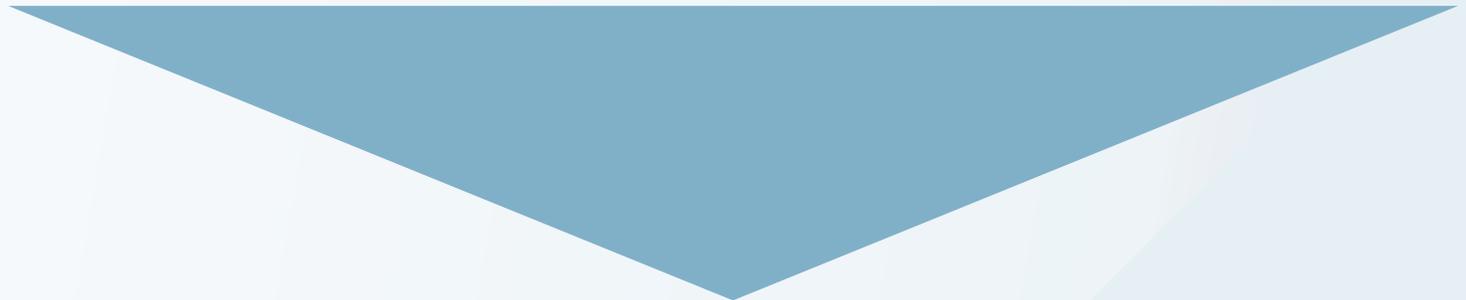
Capex

R&D

CF/Liquidity



Commitment



Volkswagen



SEAT



SKODA



BENTLEY



BUGATTI



LAMBORCHINI

PORSCHE



DUCATI



Commercial Vehicles

SCANIA



MAN

VOLKSWAGEN FINANCIAL SERVICES
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Specific KPIs

Brand KPIs

Top-Down Targets



Committed in Planning Rounds

Status update

✓ Group Strategy “Together 2025” applied to Brands with KPIs

✓ KPIs committed in Planning Round

✓ Product line management implemented

✓ Dramatic decrease in number of derivatives / complexity

✓ Right vehicles with regional focus (e.g. SUV’s in Europe, China and NA)

✓ “Zukunftspakt” for  Volkswagen

A strong Group with strong brands: highlights from operating business

VOLKSWAGEN

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TOGETHER – Strategy 2025
future program launched

MOIA mobility services
company established

About **60 new Group models**
brought to market



Volkswagen



Audi



PORSCHE



ŠKODA

VOLKSWAGEN
TRUCK & BUS

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

- Deliveries increased to **6 million vehicles**, despite diesel impact
- New TRANSFORM 2025+ strategy and Future Pact adopted

- Prior-year **delivery and sales revenue records** beaten
- First plant opened on North American continent

- **Most profitable automaker** in the world
- Digitalization center of excellence established

- Strong operating performance in 25th year in the Group
- **New SUV series** successfully launched with **Kodiaq**

- Volkswagen Truck&Bus on track to become global champion
- **Navistar alliance** opens door to US market

- Number of contracts raised to new record of 16.1m
- Comprehensive **digitalization drive** initiated

Overview Brand Targets (RoS, RoE)

Return on Sales in %	<u>2016</u>	<u>2017</u>	<u>2020</u>	<u>2025</u>
Volkswagen Group	6.7	6.0-7.0	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	2.5-3.5	≥4	≥6
Audi	8.2	8-10	8-10	8-10
Porsche	17.4	>15	>15	>15
ŠKODA	8.7	7-8	6-7	≥7
Volkswagen Commercial Vehicles	4.1	3-4	4-5	>6
Truck & Bus Business ¹⁾				
• Scania	9.5			
• MAN Commercial Vehicles	2.3	6-7	9 ²⁾	9 ²⁾
Return on Equity (norm. 8%)	<u>2016</u>	<u>2017</u>	<u>2020</u>	<u>2025</u>
Volkswagen Financial Services	15.6%	14-16%	14-16%	20%

¹⁾ For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles (equals ~6.1% in 2016)

²⁾ Through-cycle Target

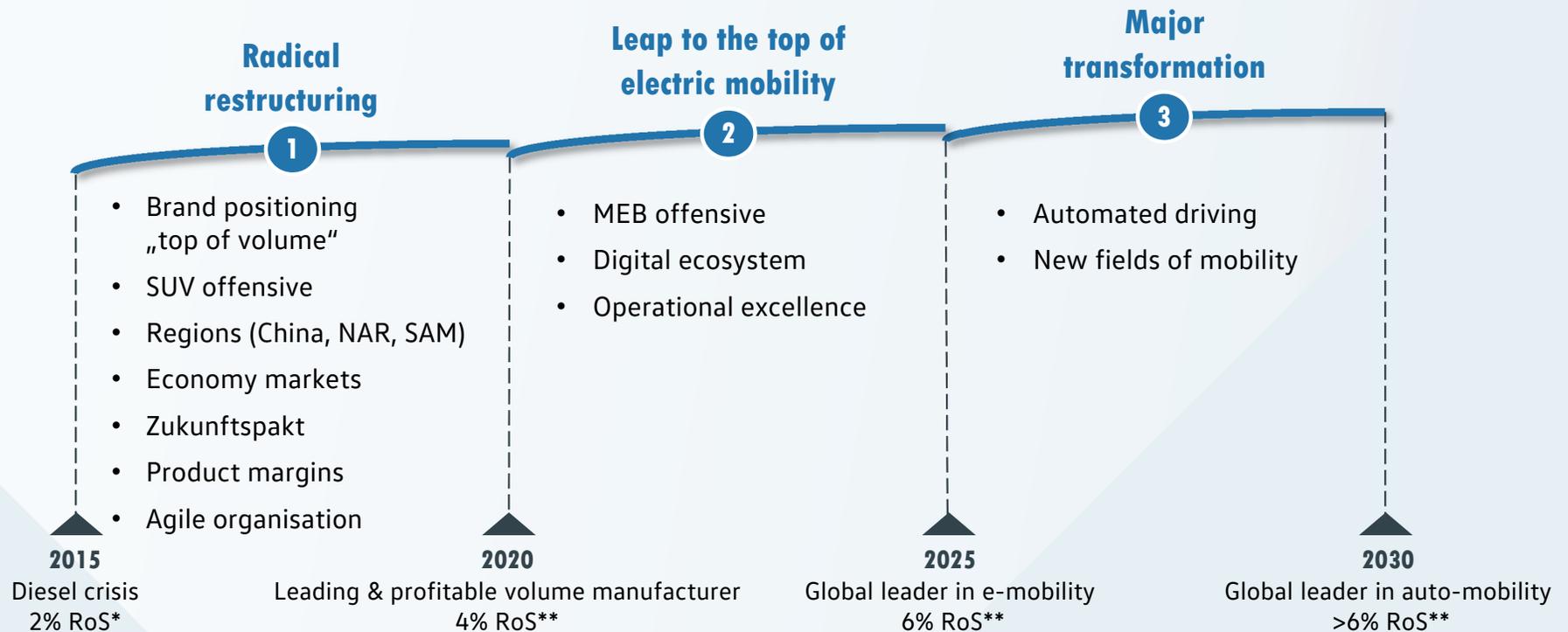
Key drivers to sustainable / competitive Group Profitability



The Volkswagen brand's starting position is challenging

- Established, acknowledged brand & strong customer loyalty
 - High-quality portfolio
 - Global presence & scalable platforms
 - Committed, highly qualified workforce
- Low return on sales, high fixed costs
 - Not competitive in United States, Brazil, India and ASEAN
 - Product portfolio is lagging behind global trends
 - Centralised, functional and hierarchical organization

The „TRANSFORM 2025+“ strategy will put the brand to the top of the automotive industry



* Before special items

** Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)

Increase in competitiveness and safeguarding the future are the focus points of the Future Pact agreement

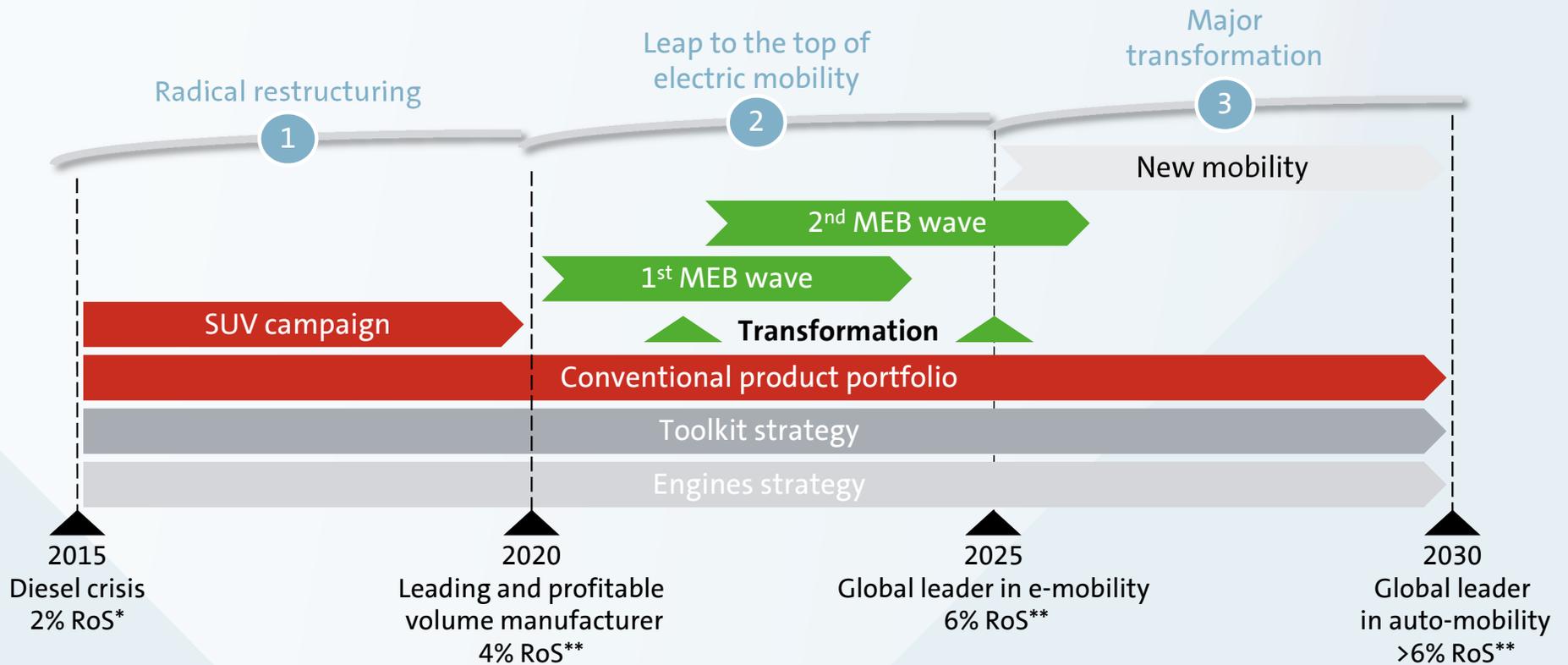
Working Group 1 Production	<ul style="list-style-type: none"> • Increase of productivity by 25% • Reduction of plant costs
Working Group 2 Components	<ul style="list-style-type: none"> • Increase of productivity by 25% • Discontinuation of unprofitable products
Working Group 3 Technical Development	<ul style="list-style-type: none"> • Reduction of hardware-oriented development work • Increased efficiency in development processes
Working Group 4 Administration	<ul style="list-style-type: none"> • Reduction of bureaucracy

Secure the Future

- 4 additional models:
2 conventional and 2 MEB vehicles
- Investments in:
 - Electric drive trains
 - Pilot facility battery cell
 - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve

Realignment of product strategy oriented towards the three phases of the Transform 2025+ strategy



*) before special items

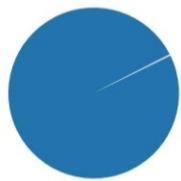
**) Operating return based on adjusted sales revenue (without turnover from multi brand sales companies)

Volkswagen achieved a lot in 2016

Diesel retrofit running as planned

(Volkswagen PC & CV)

Approved



99.7 %

Fixed



48 %
66 % in Germany

Complaints



0.7 %

Ramp ups and product launches (extract)



Deliveries to customers

(in thousand units)

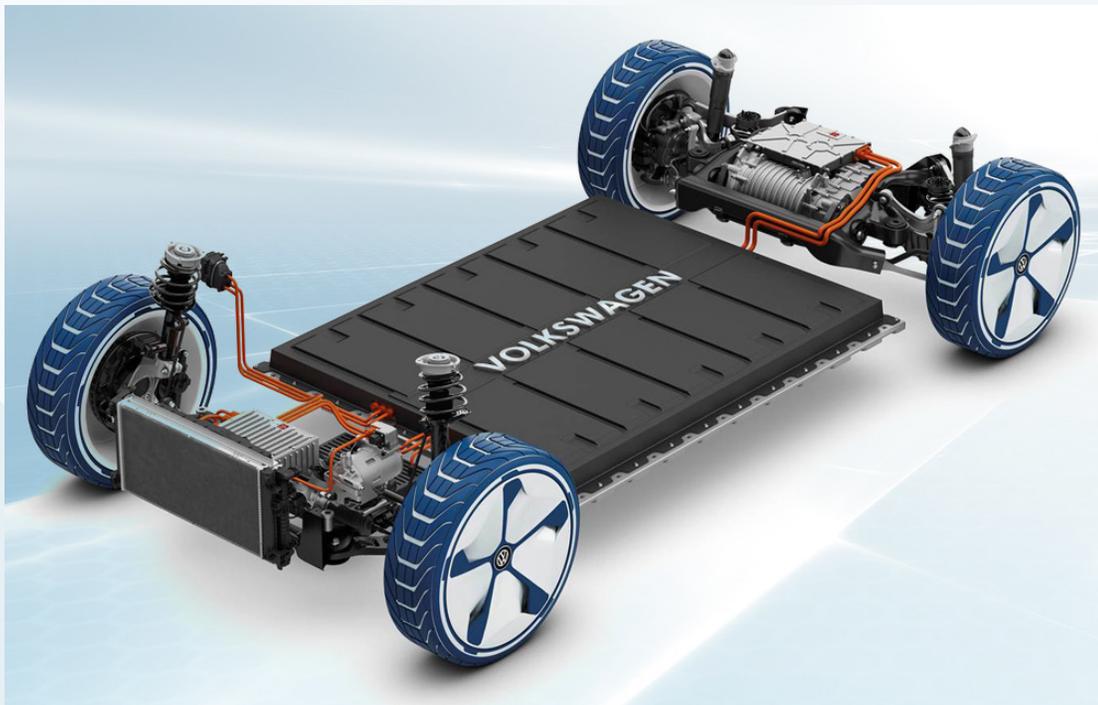
	2016	vs 2015 (in %)
Germany	558	-7.2
Europe	1,133	+1.8
SAM	335	-26.8
NAR	581	-1.9
Asia-Pacific	3,172	+11.8
World	5,980	+2.7

Fixed costs in Germany

Reduced by € 0.3 billion

2015: -10.6 bn → 2016: -10.3 bn

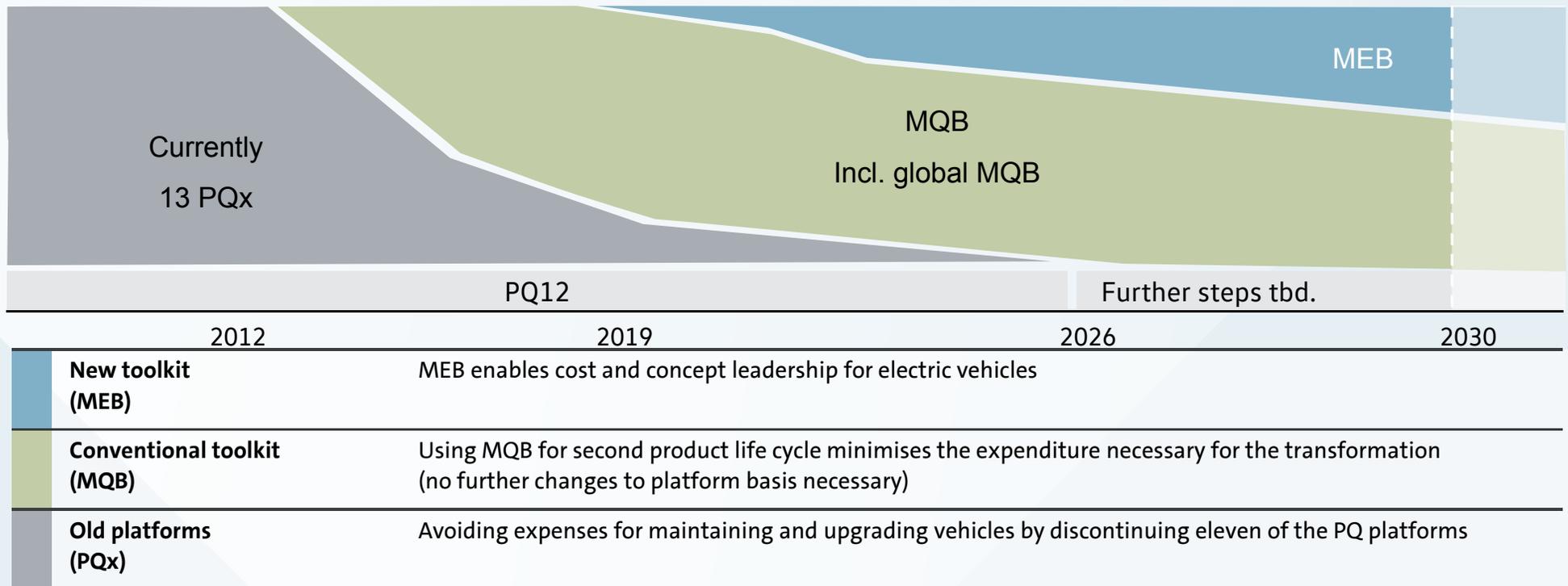
The Volkswagen brand will implement MEB to make electric vehicles affordable and profitable



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

The number of platforms will be reduced consistently to create economies of scale worldwide



Reducing complexity leads to lower expenditure, frees up resources and increases productivity

Business field	Reduced number of variants
Sucessors / new vehicles	-30 to -60%
Platforms	-40%
Drivetrains	-30 to -40%



>15,000
fewer component
variants

>€700 million
lower initial investment

Volkswagen brand is planning a strong comeback in the USA

Focus on US Core Segments



Atlas



Tiguan Allspace



Jetta



Passat

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

2017 will be shaped by a high product momentum

Atlas (NAR)



Arteon (EU)



Polo (EU)



Phideon PHEV (CN)



Touareg (EU)



Jan **Feb** **March** April May **June** July **Aug** Sept Oct **Nov** **Dec**



up! PA (SAM)

Dates: Start of Production



Tiguan LWB (NAR)



T-Roc (EU)



Virtus (SAM)



Jetta (NAR)

Core challenges in the 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

Volkswagen Truck & Bus – unique group with strong brands

2016 sales volumes trucks / buses, thousand units

Trucks	166¹
Buses	18¹
	<hr/>
	184¹



Trucks	73
Buses	8
	<hr/>
	81



Trucks	77
Buses	6
	<hr/>
	83



Trucks	16
Buses	4
	<hr/>
	20

Note: Trucks >6t, Volkswagen Caminhões e Ônibus trucks ≥ 5t. MAN equal to MAN Truck & Bus, Volkswagen Caminhões e Ônibus equal to MAN Latin America. Figures are financially rounded. ¹ Volkswagen Truck & Bus commercial vehicles total figures (sum of trucks / buses Scania and MAN Commercial Vehicles)

Our approach

Brand Performance



Improve the **performance** of Volkswagen Truck & Bus **brands**

Successful Cooperation



Foster cooperation to **unlock synergy potential** in terms of cost and **innovation speed**

Global Champion Strategy



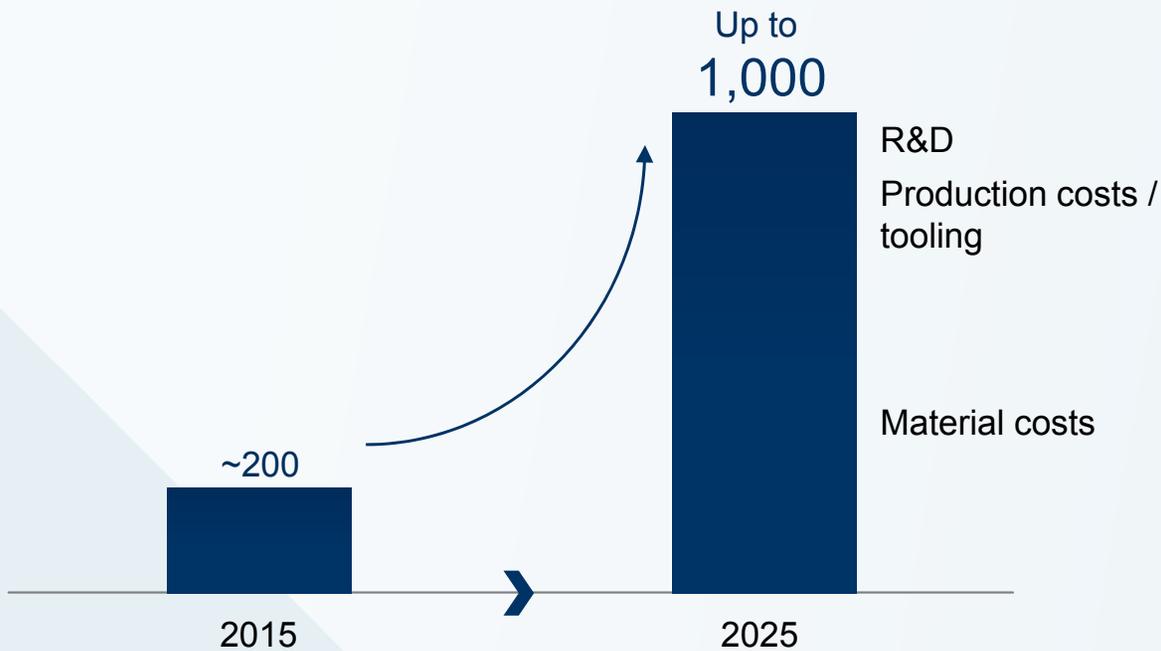
Strengthen local leadership and **expand globally**, including **new business models**

Global expansion on track with Navistar alliance

1	Equity investment		16.6% equity stake in Navistar by way of capital increase
2	Strategic technology and supply cooperation		Companies to collaborate on technology for powertrain systems, as well as other advanced technologies
3	Procurement joint venture		Procurement joint venture is pursuing joint global sourcing opportunities
4	Governance		2 VW T&B representatives nominated to Navistar Board of Directors. Joint Alliance Board to govern overall alliance

Long-term synergy potential will enable savings of up to €1 bn p.a.

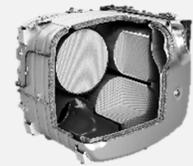
Synergy potential from brand collaboration and expanded platform strategy,
EUR mn p.a.



Key common powertrain platforms



Base engine



After-treatment



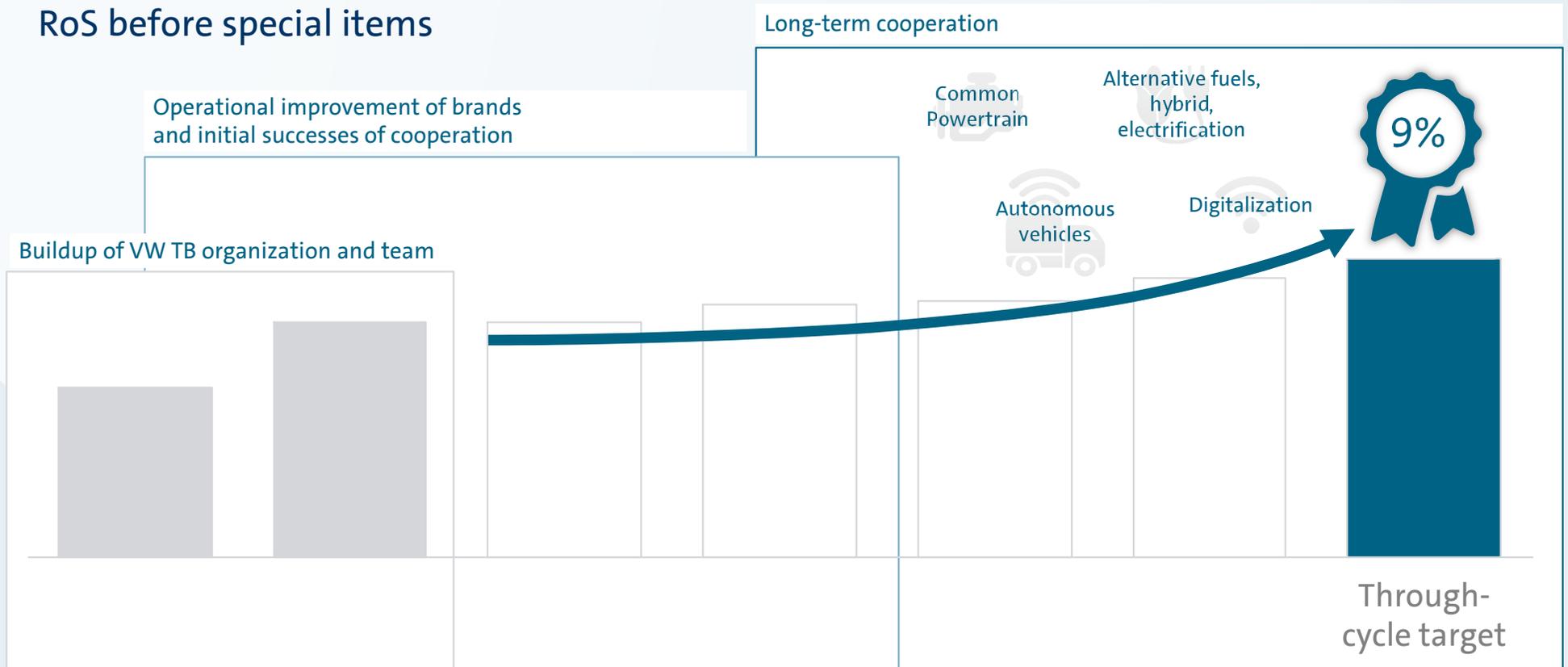
Transmission



Axles

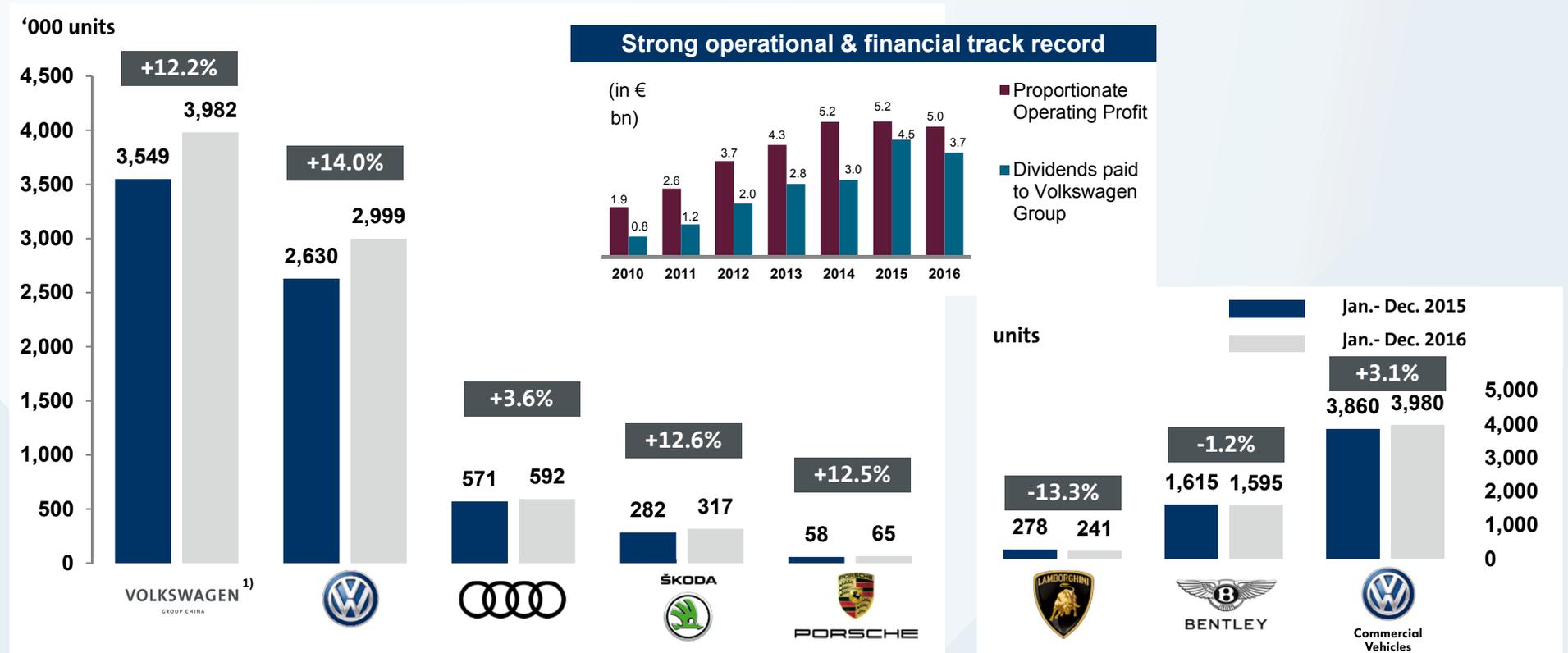
RoS target of 9 percent to be reached through combination of measures

RoS before special items





Volkswagen Group China deliveries grew by 12.2%, proportionate operating profit remained at high level despite FX headwind



¹⁾ incl. Hong Kong, excl. Ducati. Group numbers incl. MAN and Scania



Financials 2016 – on 100% level



Deliveries to customers
(in '000 units)

1,854 (+13.5%)
of which 1,315 Volkswagen and 539 Audi

1,949 (+12.3%)
of which 1,632 Volkswagen and 317 ŠKODA

Sales revenue
(in EUR bn)

40,875 (+1.0%)

26,064 (+0.2%)

Pre-tax profit
(in EUR bn)

5,546 (-10.1%)

4,589 (+4.1%)

Margin

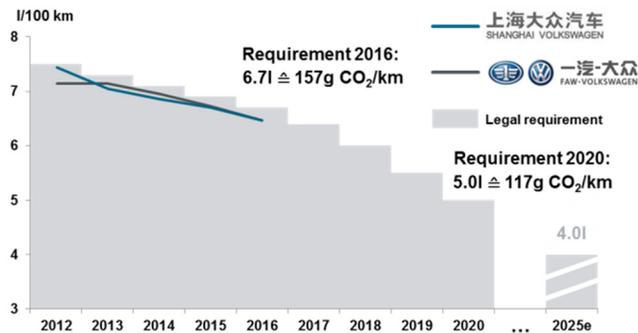
13.6%

17.6%



Regulatory environment in China

CAFC - Fuel consumption target



China 6 regulation

Emission regulation China 6 for gasoline engines

Implementation on national level for **C6a** from **July 2020**, for **C6b** from **July 2023**

Beijing and Shanghai may start with similar regulation in **2018** and other key regions in **2019**

MIIT proposal for NEV credit system

NEV credit point ratio	2017	2018	2019	2020
	None	8%	10%	12%

NEV Credit Point Attribution per NEV Type

E-Range (in km)	BEV				PHEV	FCEV	
	80 - 150	150 - 250	250 - 350	>350	>50	250 - 350	>350
Credit Point	2	3	4	5	2	4	5

NEV subsidies scheme

New Requirement on national subsidies for NEVs

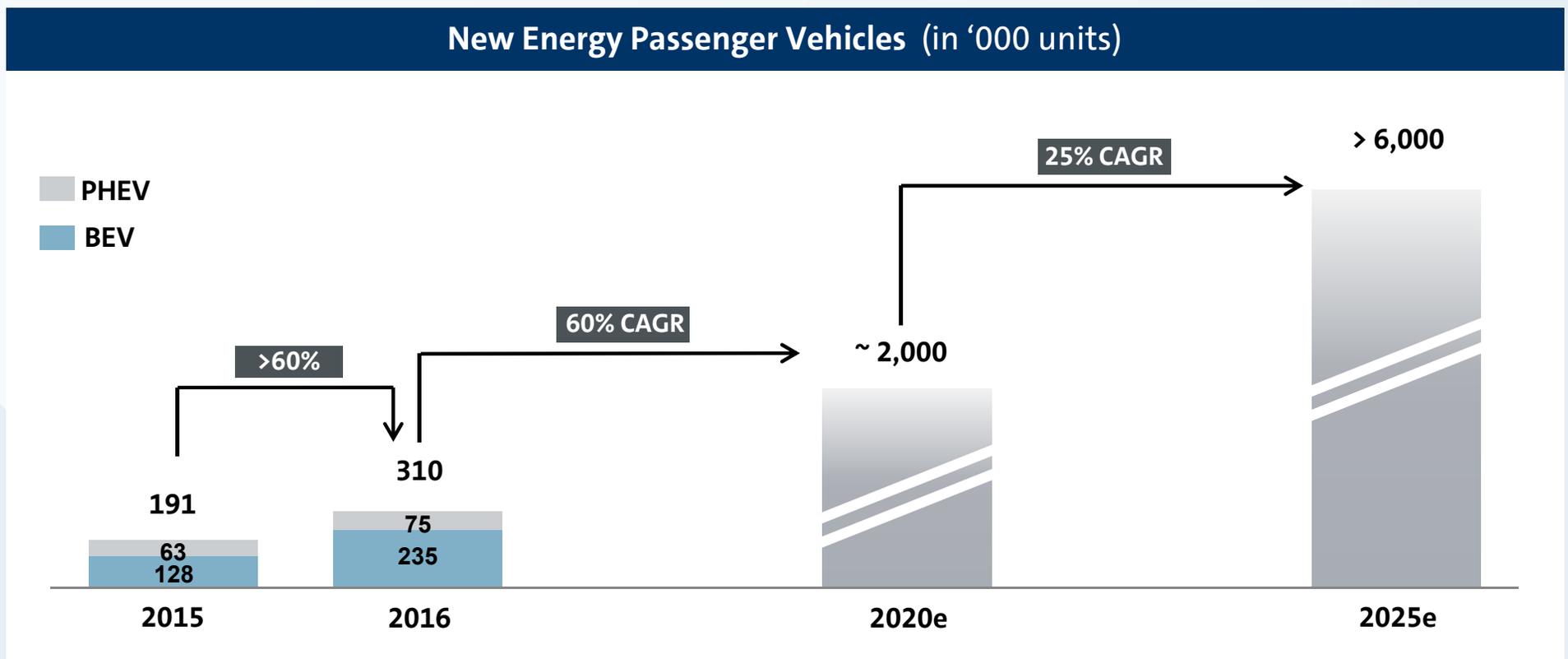
- raise the entry threshold
- may be adjusted dynamically

Direct national subsidy (20% reduced in 2017)
(up to 44,000 RMB for BEV and 24,000 RMB for PHEV)

Additional subsidies from local provinces
(≤50% of national subsidy)



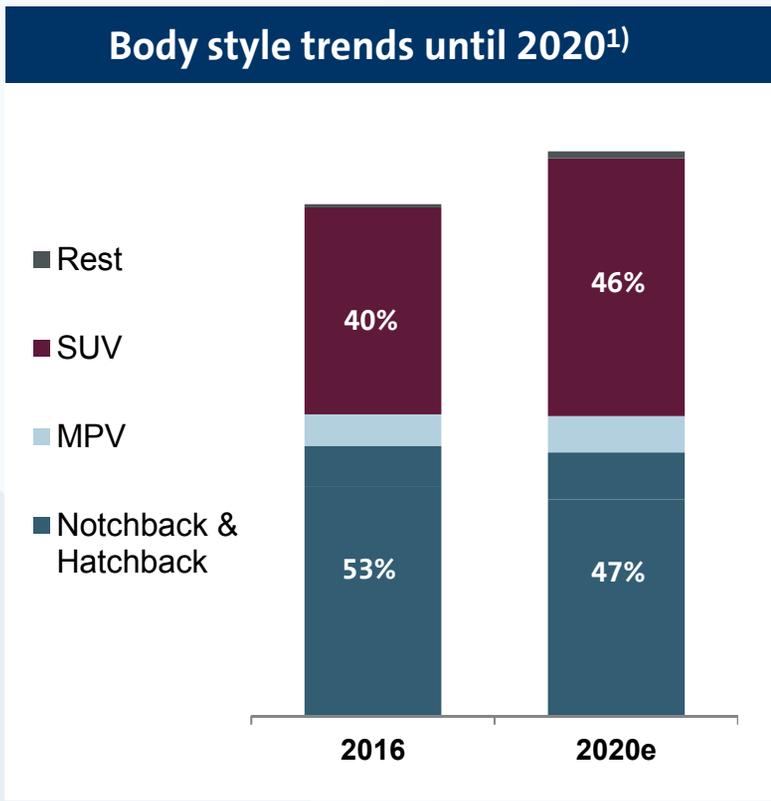
Fast growing NEV market expected



Source for data 2015-2016: CPCA



New product offering with an expanded SUV offering ¹⁾



¹⁾ Source: IHS ²⁾ Schematic overview – does not show all models

New vehicle launches 2017 and to follow²⁾

SUV



Teramont



Q5



KODIAQ



Tiguan LWB



YETI



...

Others



Panamera Turbo



A5 Coupé



TT



Q7 e-tron



R8 Spyder



Panamera LWB



Variant GTE

locally produced



Phideon PHEV



Lavida



Bora

Volkswagen Financial Services¹⁾: global, well diversified and successful

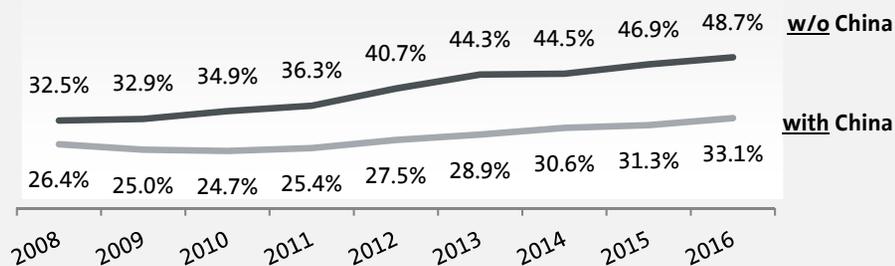
Strong global presence



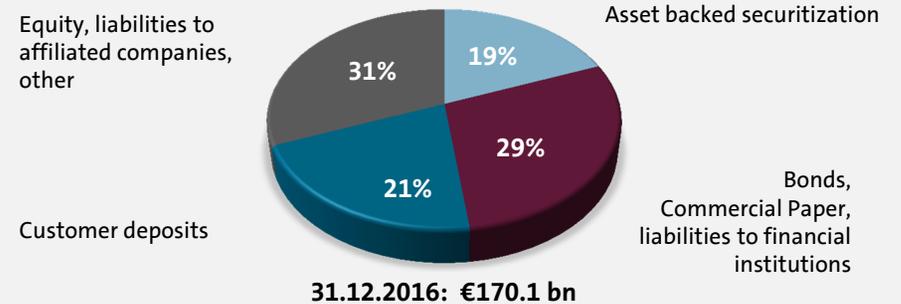
Continuous portfolio expansion



Rising penetration rates



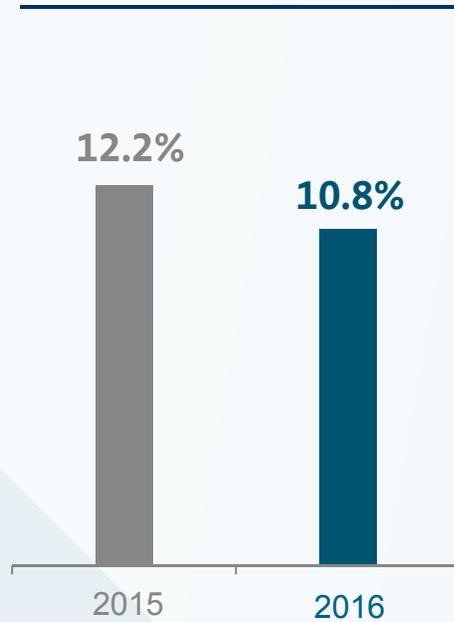
Diversified funding structure



¹⁾ Excluding Financial Services activities of Scania, Porsche AG and Porsche Holding Salzburg; including MAN Financial Services

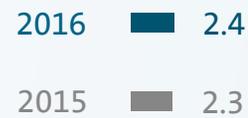
Financial Services Division

Return on equity¹



Earnings before tax

€ billion



+ € 0.1 billion
(+ 3.2%)

Equity

€ billion



+ € 2.9 billion
(+ 13.8%)

¹ Earnings before tax as a percentage of average equity.

Special Items: Diesel related and other

(In € bn)	Diesel	Other	Total
2015	Legal	7.0	Restructuring: Truck Business 0.2 Passenger Cars South America 0.2 Airbags Takata 0.3 0.7
	Other items	9.2	
		16.2	
		16.9	
2016	Mainly legal risks	6.4	Scania Anti-Trust Proceedings 0.4 Others 0.7 1.1
			7.5
Total to date	22.6	1.8	24.4

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US Diesel-related settlements (status 10 March 2017)

Issue	2.0L TDI	3.0L TDI	Criminal & civil-related claims	VW-Branded Franchise Dealers
Scope	• ~475,000 vehicles	• ~78,000 vehicles	• 2.0L + 3.0L TDI	• 2.0L, 3.0L and other matters asserted concerning the value of the franchise
With whom?	<ul style="list-style-type: none"> • US Federal & State Regulators (DOJ, EPA, CARB, FTC) • Private Plaintiffs represented through Plaintiffs' Steering Committee (PSC) 	<ul style="list-style-type: none"> • US Federal & State Regulators (DOJ, EPA, CARB, FTC) • Private Plaintiffs represented through Plaintiffs' Steering Committee (PSC) 	• DOJ (incl. on behalf of EPA), Customs & Border Protection	• 644 VW-Branded Franchise Dealers
Claims status	<ul style="list-style-type: none"> • As of February 18, 2017, 323,179 customers have been issued offers and 137,985 Owners and Current Lessees have proceeded through closing • Volkswagen has taken possession of just over 28% of the affected 2.0L vehicles 	<ul style="list-style-type: none"> • As of February 1, 2017 all proposed agreements submitted but pending U.S. federal court approval 	• Finalized; plea agreement and consent decree both require U.S. federal court approval	• As of February 14, 2017, 91% of class members submitted individual releases to receive initial payment, and Volkswagen has already paid out half of the settlement proceeds
Approval status	<ul style="list-style-type: none"> • Per October 2016 max funding pool of ~\$10bn eligible for: <ul style="list-style-type: none"> ○ Buyback/Lease terminations or Emissions modifications (~70k vehicles approved per Jan 2017) ○ + Cash payments for affected customers • Pay \$2.7bn over 3 years to environmental trust • Invest \$2bn over 10 years in zero emission infrastructure • Resolution with 44 states, the District of Columbia and Puerto Rico (~\$603m incl. 3.0L) 	<ul style="list-style-type: none"> • Pay up to ~ \$1.2 billion total benefits in settlement program to: <ul style="list-style-type: none"> ○ Recall and repair ~58,000 vehicles to originally certified emissions standards; or offer buyback, trade-in, lease termination or emissions modifications for ~20,000 older vehicles ○ + cash payments for all eligible class members • Pay \$225m into environmental trust, \$25m to CARB to support ZEV in CA • Preliminary approval granted on February 14, 2017 • Final approval hearing on May 11, 2017 	<ul style="list-style-type: none"> • Combined fines & penalties \$4.3bn: <ul style="list-style-type: none"> ○ Plea agreement incl. guilty plea ○ Criminal fine of \$2.8bn ○ Independent monitor ○ Federal environmental and customs-related civil claims \$1.45bn ○ DOJ civil FIRREA penalty \$50m • Plea hearing took place on March 10, 2017 • Judge Sean F. Cox scheduled the sentencing hearing for April 21, 2017 	<ul style="list-style-type: none"> • Final Approval granted on January 23, 2017 <ul style="list-style-type: none"> ○ \$1.193 billion cash component, as well as additional non-cash benefits 
Provision status	At the closing of the financial statements for 2016, Volkswagen AG has recognized special items of €22.6 billion related to the diesel matter in the financial statements covering the years 2015 and 2016.			

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

Predominantly software-only solution



- Technical solution already generally confirmed for all concepts by KBA¹
- Gradual approval of clusters after cluster-specific KBA inspection¹
- Software update in < 30 min. for 2.0L and 1.2L TDI; also simple, very cost-effective hardware solution “flow rectifier” for 1.6L TDI in < 60 min.

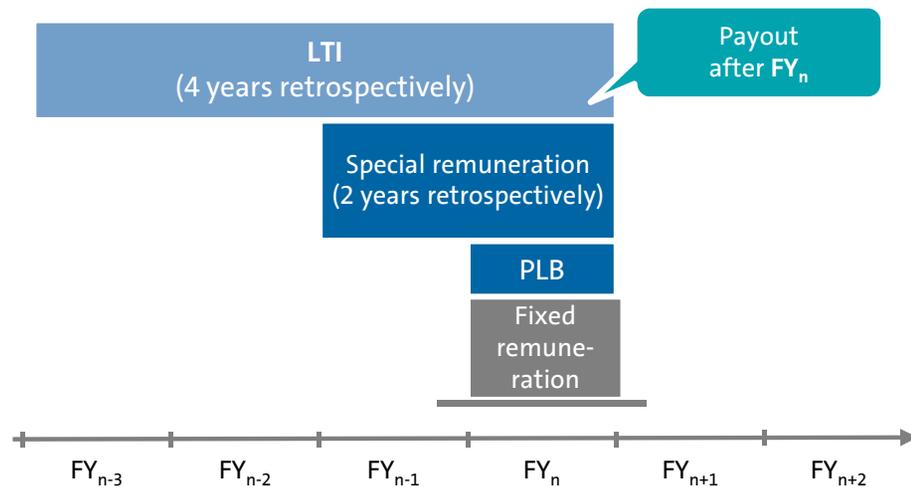
¹ KBA approval relevant for EU28 and ECE user states (e.g., Turkey)

Update status

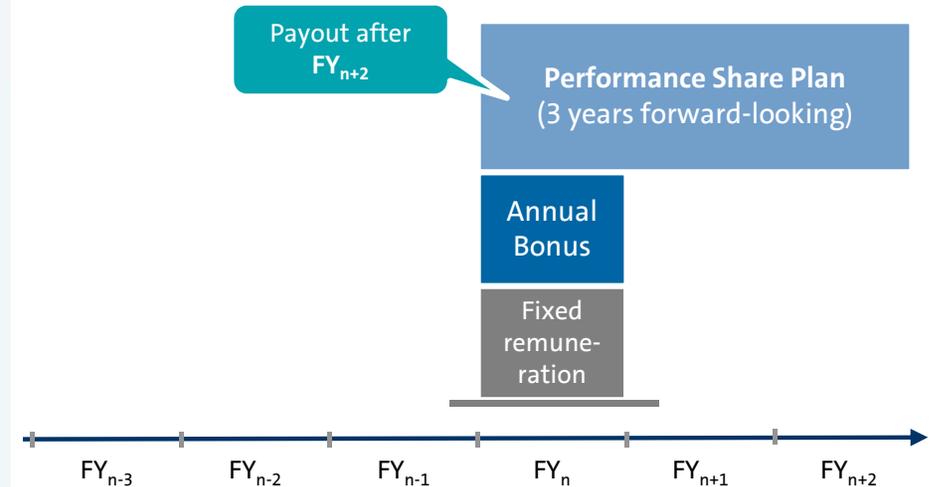
Approximately, 4m units have been updated (status 16.03.2017).

The new remuneration system is designed to be completely forward-looking

Current system: backward-looking



Future: forward-looking



Adjusted recommendation of no. 4.2.3 sec. 2 German Corporate Governance Code

“Variable remuneration components shall generally be based on a multi-year assessment, **which shall be materially related to the future.**”

The new remuneration system harmonizes the interests of different stakeholder groups

- ✓ ... is based on **clear remuneration policy guidelines**
- ✓ ... constitutes a **core element of the realignment** of the Group
- ✓ ... integrates strategic objectives of the **TOGETHER strategy 2025**
- ✓ ... is **capital market-oriented** and reflects human resource-related transformation objectives
- ✓ ... sets ambitious objectives for **sustainable corporate development**
- ✓ ... incorporates a **higher long-term orientation**
- ✓ ... reflects no past events and is therefore **completely forward-looking**
- ✓ ... is based on a **transparent target remuneration** approach
- ✓ ... incorporates a **total cap noticeably lower** than the individual caps
- ✓ ... is **transparent** and is easy to comprehend
- ✓ ... is **common market practice** and conforms to regulatory requirements

Setting the Stage



We have to earn your trust!



We are only promising what we have commitments for!



We will improve our targets once we make visible progress!



We have a plan and strongly believe in it!

Events 2017

- 
- A large conference room with a stage and audience. The stage features a large screen displaying the Volkswagen logo and the text 'VOLKSWAGEN AKTIENGESELLSCHAFT'. Several people are seated at a long table on the stage. The audience is seated at long tables in the foreground, facing the stage. The room has a modern, professional appearance with blue and white lighting.
- 3. May 2017** Interim Report January - March 2017, Investor and Analyst Conference Call
- 10. May 2017** Annual General Meeting 2017
- May 2017** Volkswagen Brand Pressconference
- 27. July 2017** Half-Yearly Financial Report 2017, Investor and Analyst Conference Call
- 27. October 2017** Interim Report January - September 2017, Investor and Analyst Conference Call

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Volkswagen Group Appendix



Volkswagen SEDRIC

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Volkswagen Phideon

The graphic consists of two overlapping triangles. The left triangle is light blue and points downwards. The right triangle is a darker blue and points upwards. The top-right corner of the right triangle is cut off by a dark red triangle.

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**We are
redefining
mobility.**

Volkswagen Group

Frank Witter

Chief Financial Officer

Investor Breakfast Meeting with J.P. Morgan, Braunschweig, 23 March 2017