

**The Volkswagen Group is moving ahead:  
Investigation, customer solutions, realignment**  
Press Conference, December 10, 2015

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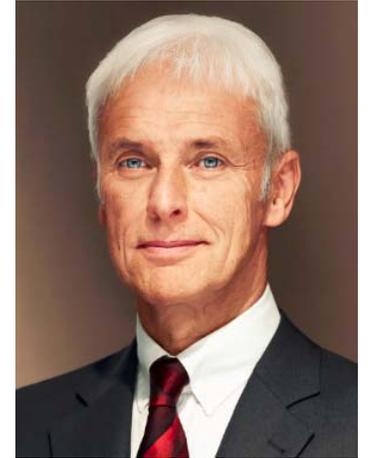
## Agenda

1. Introduction
2. Investigation status
3. Solutions for our customers
4. Volkswagen is changing –  
structure, mindset, destination
5. Summary and outlook



**Hans Dieter Pötsch**

Chairman of the  
Supervisory Board  
of Volkswagen AG



**Matthias Müller**

Chairman of the  
Board of Management  
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## What challenges do we need to overcome

- **Gaining back trust** – through credible and decisive action in overcoming the current crisis
- **Protecting operational business and defending market position** – through concerted efforts to promote sales and wise business decisions and foresight
- **Securing the Group's future success** – through effective minimizing of financial impact of the crisis and continuing on with the change processes at all levels



**The Volkswagen Group is in the midst of one of the greatest trials in the company's history.**

## What the Supervisory Board has done since the crisis broke

- **Comprehensive and relentless investigation pushed ahead** – in order to obtain reliable findings as fast as possible and to put all facts on the table
- **Management Board closely assisted** – in order to support the Group management
- **New structure passed** – in order to strengthen leadership through clearer accountability and allow for increased decentralized responsibility
- **Staff reorganization** – in order to set new impetus for necessary changes and to position the Group for the future
- **Stakeholder dialog strengthened** – in order to ensure transparency and re-establish trust



**The Volkswagen Group is fully able to act even in this difficult phase.**

## How we initiated the staff reorganization process



### New members of the Group Management Board: 6 new members since the beginning of 2015

**M. Müller**  
Chairman of the  
Board of Management



**F. Witter**  
Finance & Controlling



**Dr. K. Blessing<sup>1</sup>**  
HR & Organization



**Dr. C. Hohmann-Dennhardt<sup>1</sup>**  
Integrity & Legal Affairs



**Dr. H. Diess**  
VW Passenger Cars



**A. Renschler**  
Commercial  
Vehicles



<sup>1</sup>: From January 1, 2016

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## What happened in the Volkswagen Group



**Diesel Issue**  
Influencing of  
NO<sub>x</sub> emission behavior

Up to 11 million  
diesel vehicles

**Implementation of technological solutions  
for the vehicles concerned in preparation**

**CO<sub>2</sub> Issue**  
Implausibilities during  
certification of  
CO<sub>2</sub>/consumption data

Initial suspicion: Ca. 800,000  
diesel and gas-powered vehicles

**Suspicion of invalid  
type certification not substantiated.  
Adjusting of the figures for few vehicles  
in the course of the normal processes**

## How are we driving investigation



**Approach & mission are clear: Everything needs to be put on the table.**

### **Comprehensive**

We are identifying and analyzing all relevant processes from the source of the problem until today.

### **Independent**

External experts and internal auditors are inspecting everything irrespective of the persons concerned.

### **Cooperative**

We are working with all authorities.

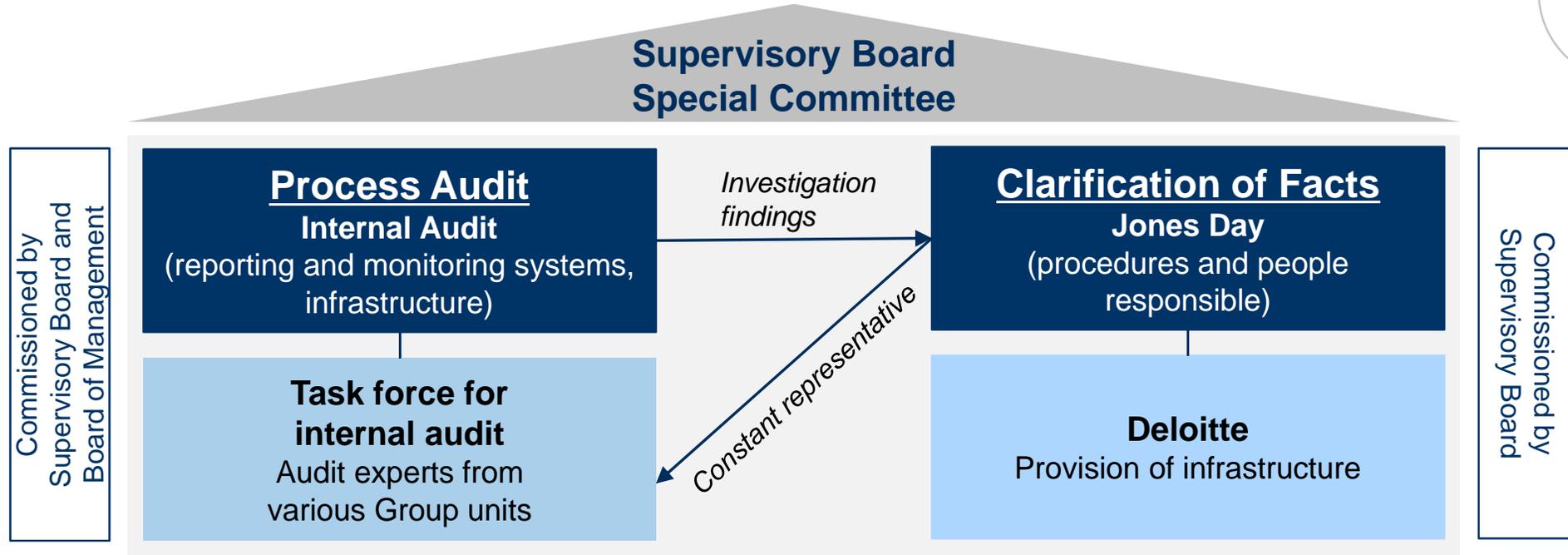
### **Relentless**

We are determined to clarify responsibilities and draw the right lessons.

### **Thorough**

We are examining masses of data – and leaving no stone unturned. Diligence comes before speed.

## How have we structured the investigation



**Dual structure and independence of investigation ensure objective analysis and comprehensive findings. In total, about 450 experts are deployed in the investigation.**

## Where we stand in the investigations



### 1. Process Audit (Internal Audit)

Detailed process audit

12/2015: Finalization of process audit

### 2. Clarification of Facts (Jones Day)

Continuous detailed clarification of facts

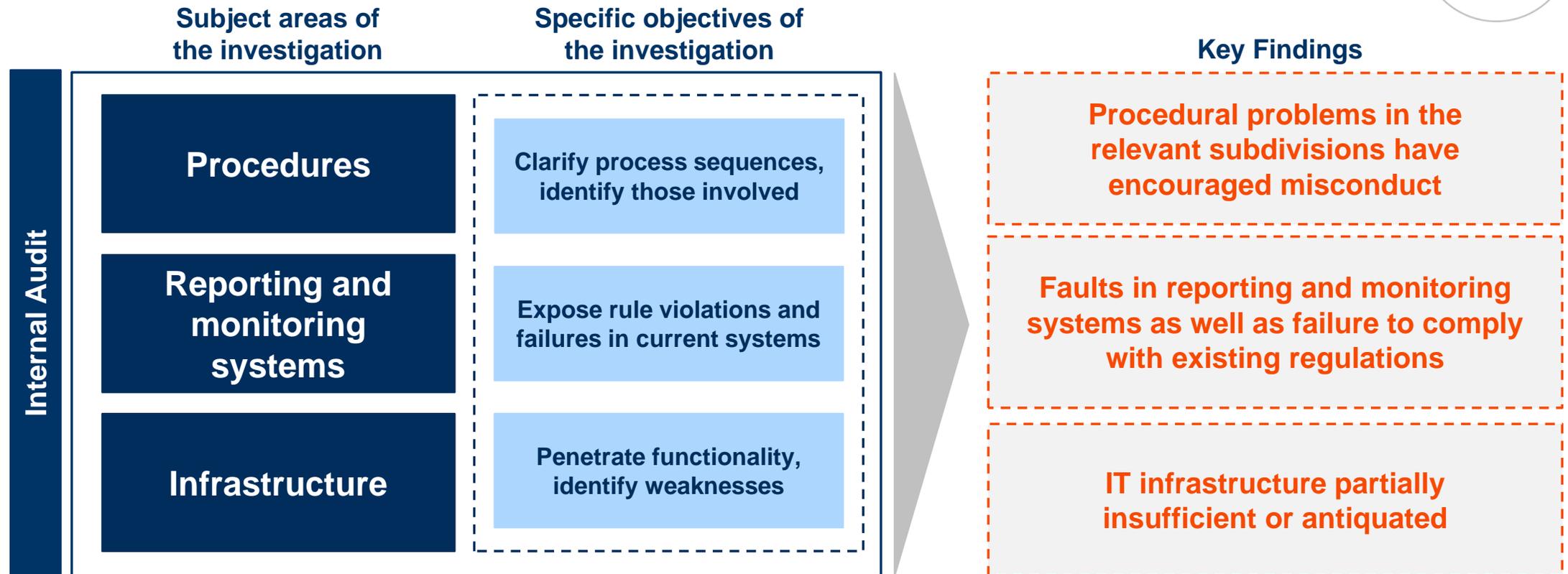
Continuous assistance from Supervisory Board and Management Board

GM 2016: Company reports to shareholders



The process analysis is about to be finalized, the question about responsibilities still needs time.

# Process audit: What are the audit findings on the procedures in the relevant subdivisions to date



## Clarification of facts: What the external auditors have managed to accomplish thus far

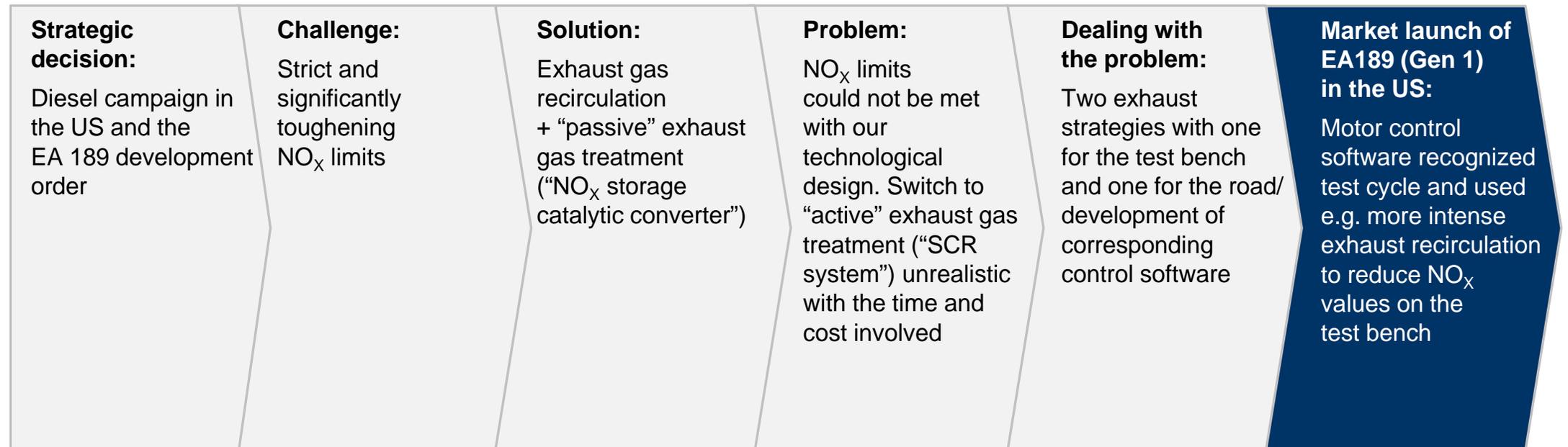


Jones Day

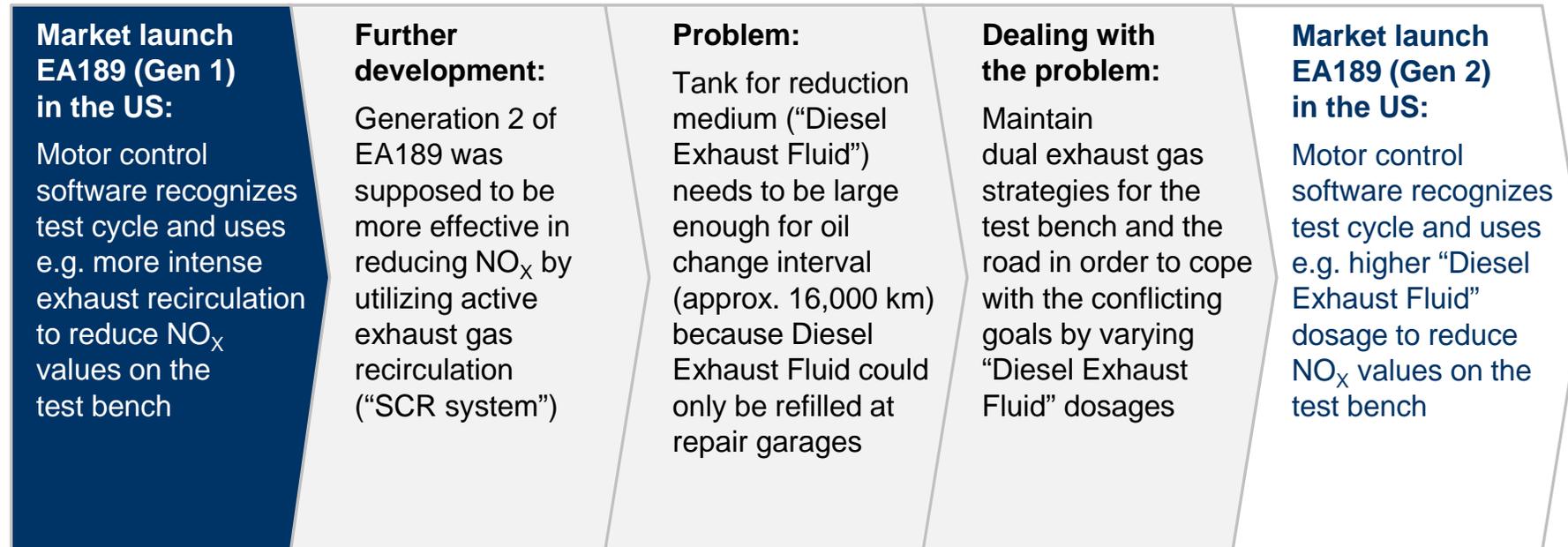
- **102 terabytes** of data were secured (equal to about 50 million books)
- **87 extensive interviews** were held, with several dozen to follow
- More than **1,500 electronic data carriers** from **approximately 380 employees** have been secured
- **2,000 letters** to Group employees (litigation hold letters), to prevent data loss or deletion

**We now have a more specific understanding about the origins of the NO<sub>x</sub> manipulation and about the CO<sub>2</sub> Issue**

## What have we already learned about the origins of the NO<sub>x</sub> Issue



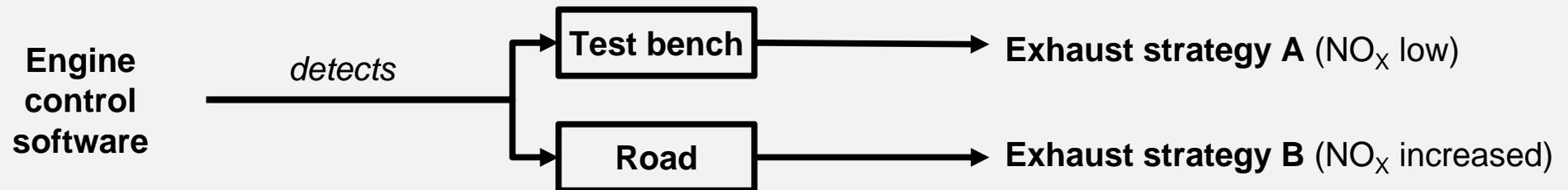
## What have we already learned about the origins of the NO<sub>x</sub> Issue (continuation)



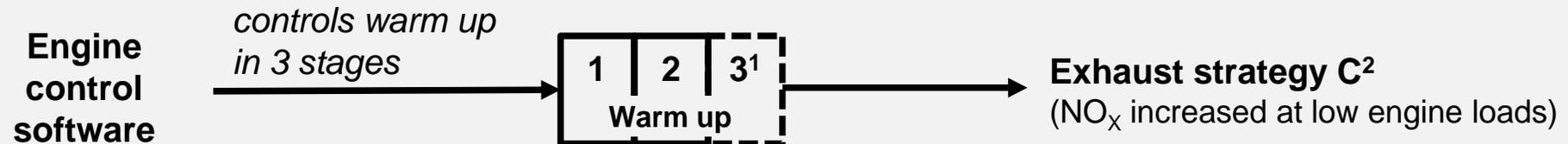
# What is the fundamental difference between the V6 engine Issue and the initial NO<sub>x</sub> Issue



## Initial NO<sub>x</sub> Issue



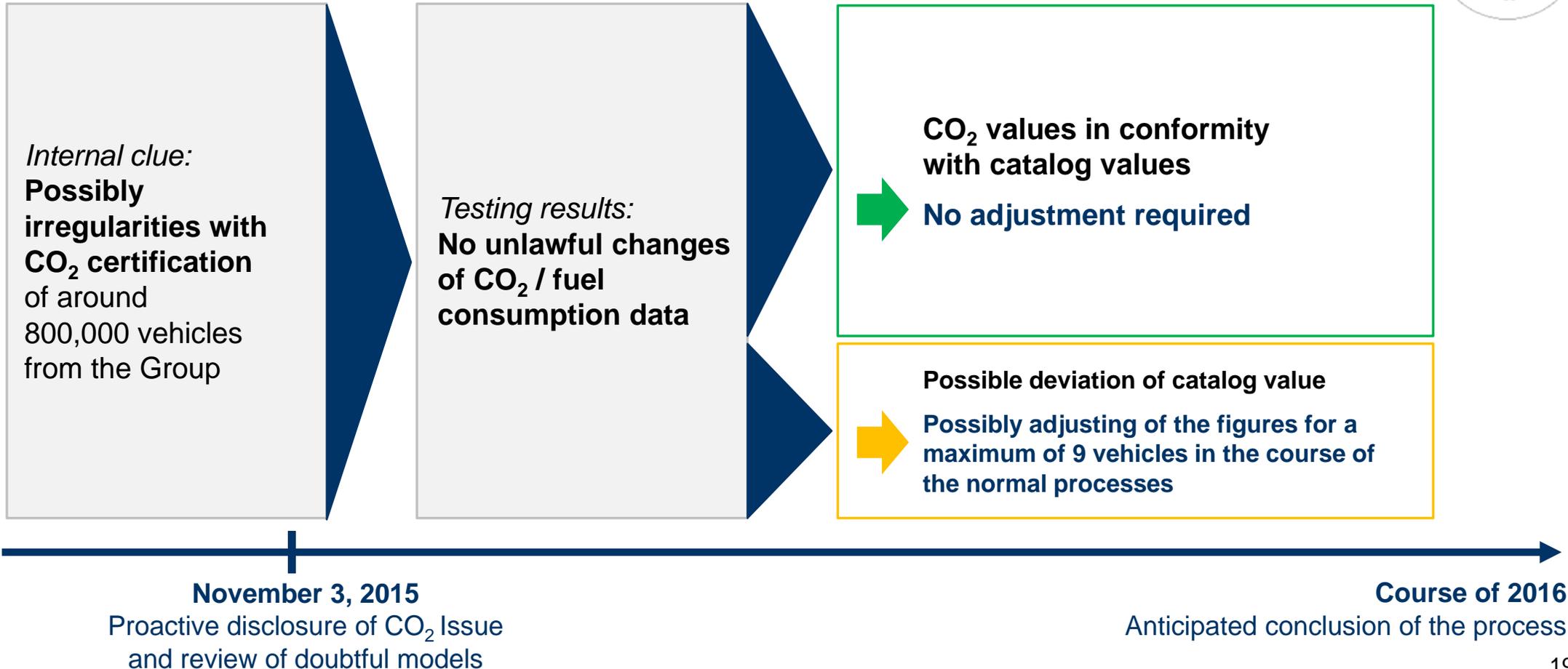
## V6 3 liter engine



1: Stage 3 very rarely activated on the road, which ends warm up too early

2: Under same operating conditions

# How we have approached the CO<sub>2</sub> Issue and how the matter has developed



## What consequences we have already drawn



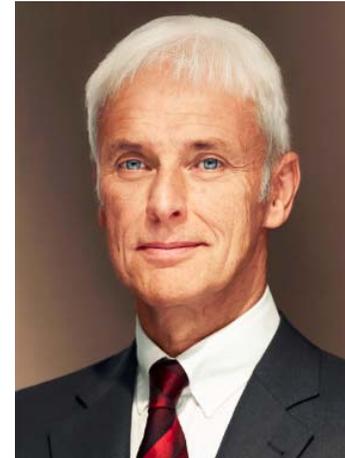
- ✓ Decisions of the Board taken: **Going forward, emission tests of the Volkswagen Group will as a standard be verified based on spot checks by external and independent third parties**, therefore universal introduction of on road emissions measurements during real-life driving (2016)
- ✓ Implementation of more measures out of the about **30 essential optimization and measure sets identified by the internal audit** already initiated (close monitoring of implementation by internal audit), e.g. introduction of effective clearance and monitoring processes, among others through corresponding committee structures; process support through use of appropriate IT systems
- ✓ **Findings** from the internal audit **submitted to Jones Day**
- ✓ So far 9 possibly involved managers **released from work**



**We will work to quickly implement the measures suggested by the audit.  
We will be just as consistent in the implementation of the findings of Jones Day.**

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**Matthias Müller**

Chairman of the  
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## As a reminder: Which subjects are given priority



### **Helping our customers**

Communicating & providing effective technical solutions



### **Uncovering what happened**

Finding out the truth and learning from it



### **New structure**

Launching a more entrepreneurial & decentralized Group structure



### **New mindset**

Profoundly changing the way we do things



### **New destination**

Re-evaluating what we do & re-defining our targets for 2025



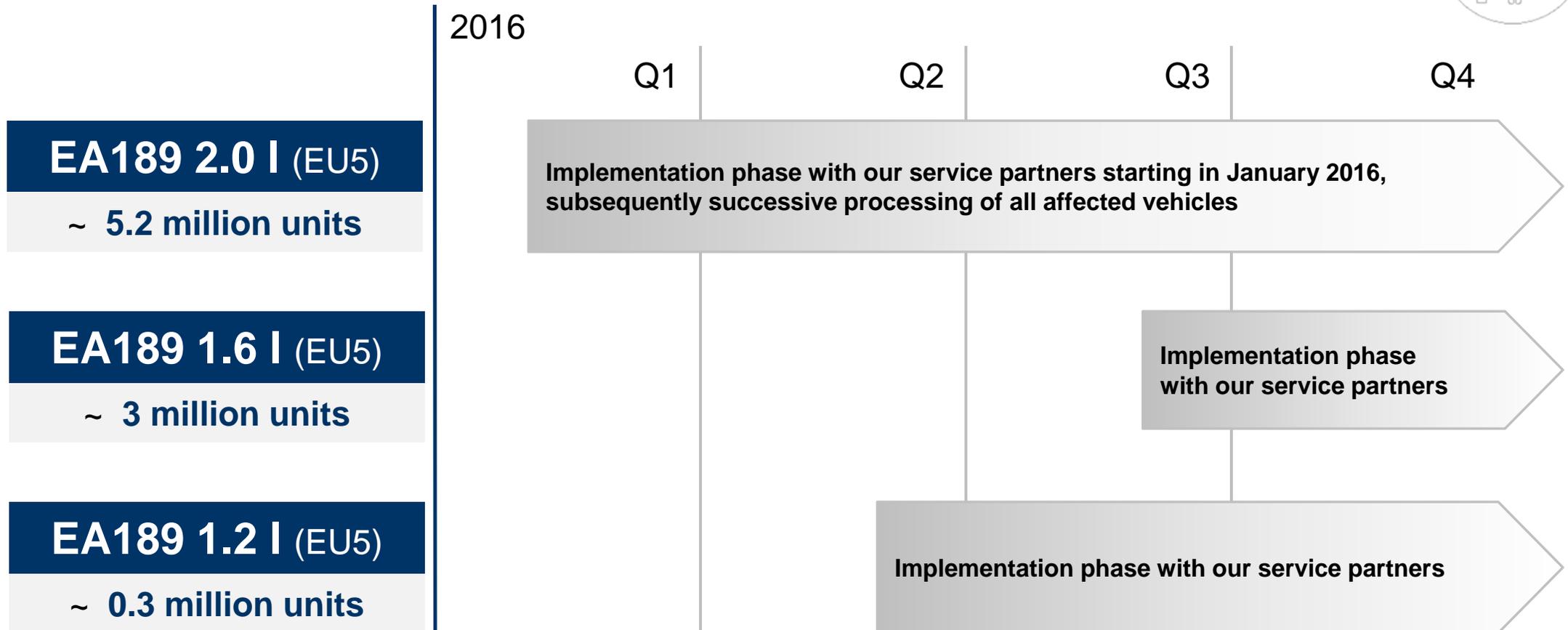
**We are not only decisively pushing ahead the investigation, but are working on the other priority subjects with the same intensity.**

## How we resolve the NO<sub>x</sub> Issue for our customers in Europe



	<b>EA189 2.0 I (EU5)</b> ~ 5.2 million units	<b>EA189 1.6 I (EU5)</b> ~ 3 million units	<b>EA189 1.2 I (EU5)</b> ~ 0.3 million units
			
<b>Status KBA</b>	✓	✓	✓
<b>Software</b>	X	X	X
<b>Hardware</b>		X	
<b>Working time</b>	approx. 30 min.	< 1h	approx. 30 min.

## When we will resolve the NO<sub>x</sub> Issue for our customers in Europe



## How we will resolve the NO<sub>x</sub> Issue for our customers in the US and in Canada



EA189 2.0 I (Gen 1)	EA189 2.0 I (Gen 2)	EA288 2.0 I (Gen 3)
~ 0.4 million units	~ 0.1 million units	~ 0.1 million units
		



**Currently coordinating viable solution concepts and time lines with the responsible authorities EPA and CARB**

## What we guarantee all our customers



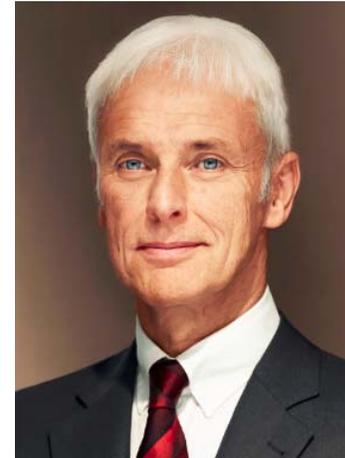
- **Implementation of technical solutions free of charge**
- **Waiver of a statute of limitations regarding the technical solutions**
- **Provision of substitute mobility if needed**
- **Transparent information that will soon be more tailored to individual needs**
- **Payment of possible back taxes**



**Volkswagen will not rest before we have resolved this issue once and for all to the satisfaction of our customers.**

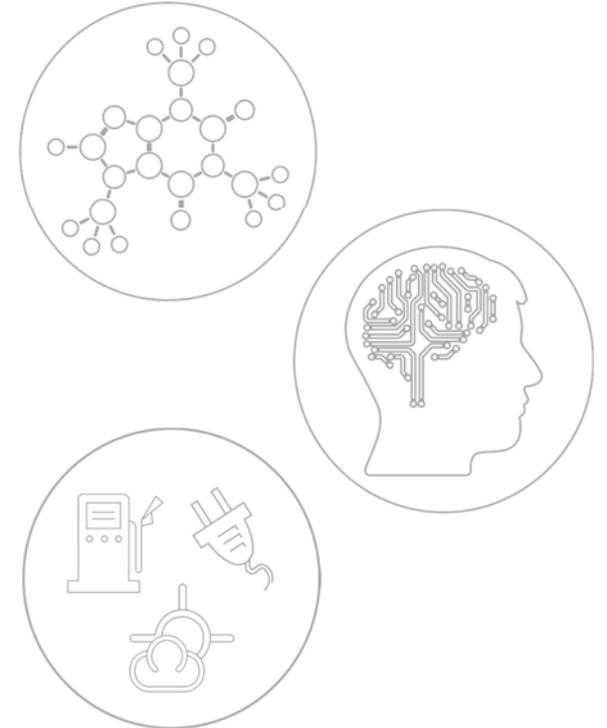
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## New structure: Why we are further developing the leadership model of the Group



- Strengthen **entrepreneurial responsibility** in brands and regions
- Adequately take into account **technological** developments with a potential impact on the business model (e.g. digitization)
- Increase **decision-making speed** and **agility**
- Give Group Management Board more **space** for urgent strategic considerations
- Improve **cost efficiency** in the Group with leaner structures, enhance cost transparency
- Secure **synergies** within the Group
- Reduce **complexity** of steering functions, brands and regions, ensure sustainable manageability of the Group

# Which leadership structures are implementing in the Volkswagen Group



Chair	Functions				Brand Groups				Regions
Müller	Witter	Garcia Sanz	Blessing <sup>1</sup>	Hohmann-Dennhardt <sup>1</sup>	Diess	Stadler	Blume <sup>2</sup>	Renschler	Heizmann
Among others: • Strategy • Digitization • Production • Sales • Research & Development	Finance & Controlling	Procurement	HR & Organization	Integrity & Legal Affairs					
		 <div style="border: 1px dashed black; padding: 2px; display: inline-block;">Responsibility Diesel Issue</div>							
					Budget Car				
									
									

1: From January 1, 2016

2: Currently guest on Group Management Board

# How we have changed our leadership team



## New Members

### Group Management Board

6 out of 10 members new since early 2015

**M. Müller**  
CEO



**F. Witter**  
Finance & Controlling



**Dr. K. Blessing<sup>1</sup>**  
HR & Organization



**Dr. C. Hohmann-Dennhardt<sup>1</sup>**  
Integrity & Legal



**Dr. H. Diess**  
VW Passenger Cars



**A. Renschler**  
Commercial Vehicles



### CEOs for brands/business units

7 out of 13 new

**H. Henriksson**  
Scania



**B. Maier**  
ŠKODA



**L. de Meo**  
SEAT



**Dr. O. Blume<sup>2</sup>**  
Porsche



**Dr. H. Diess**  
VW Cars



**J. Drees**  
MAN



**L.-H. Santelmann**  
Financial Services



<sup>1</sup>: From January 1, 2016    <sup>2</sup>: Currently guest on Group Management Board

## Which new mindset we want to establish



What we  
want to preserve

**„Quality consciousness“**  
**„Identification with products“**  
**„Social responsibility“**

What we additionally  
whish for going forward

**„More openness“**  
**„More cooperation“**  
**„More capacity for criticism“**

## How we will establish a new mindset at Volkswagen



2015

2016

### Leadership

(„More role models“)

### Self conception

(„More down to earth“)

### Structures und formats

(„More interaction“)

Design and implementation  
of new corporate philosophy  
and leadership principles

First initiatives

Structured process

## New destination: How we will develop further our strategy



### New focus topics

Digitalization  
Sustainability  
Integrity

### Future Tracks

Increase efficiency and  
improve future sustainability

### Strategy 2018

Economically and ecologically  
leading automotive group

### “Strategy 2025“

**Objective: playing a decisive role  
in shaping the future of mobility**

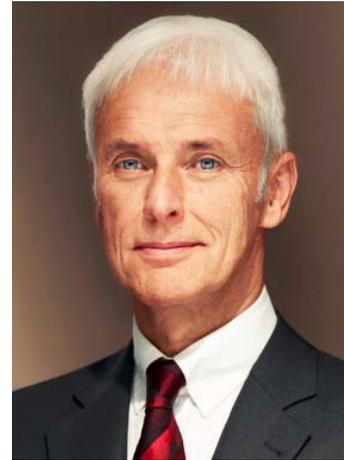
- Make existing vehicle portfolio of brands even more successful
- Significantly increase revenue outside of the current core business
- Utilize potentials of digitization better than competitors
- Offer autonomic driving on a broad level earlier than other manufacturers
- Restore sustainability reputation through e-offensive



**We will present our “Strategy 2025“ by the middle of next year.**

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## Where we stand today with our realignment



Helping our customers

**Technical solutions developed, implementation close to launch**



Uncovering what happened

**Investigations are proceeding, first consequences are drawn**



New structure

**Team is in place, committees and processes to follow**



New mindset

**Needed change defined, transformation initiated**



New destination

**Focus topics identified, process for “Strategy 2025“ launched**



**We are working hard on all of these five topics – and we are making good progress.**

## Where we stand economically today



- **Operational business:** Development within expectations  
*We confirm our adjusted annual forecast.*
- **Finances:** Provisions sufficient for now, financing secured  
*We have a very solid financial basis.*
- **Investments:** Targeted reduction, shorter planning horizon – saving without sacrificing the future  
*We are driving by sight for the time being.*
- **Vehicle sale and production:** so far moderate impact of the exhaust gas issue  
*We are capable of reacting to a possible tightening at any time.*
- **Share price:** Recovery by about 40 percent since lowest point after the disclosure of the Diesel Issue  
*We are working on regaining investors' trust bit by bit.*



**Volkswagen has the situation under control and will master the crisis out of its own strength.**

## Volkswagen Group is changing: Our mission

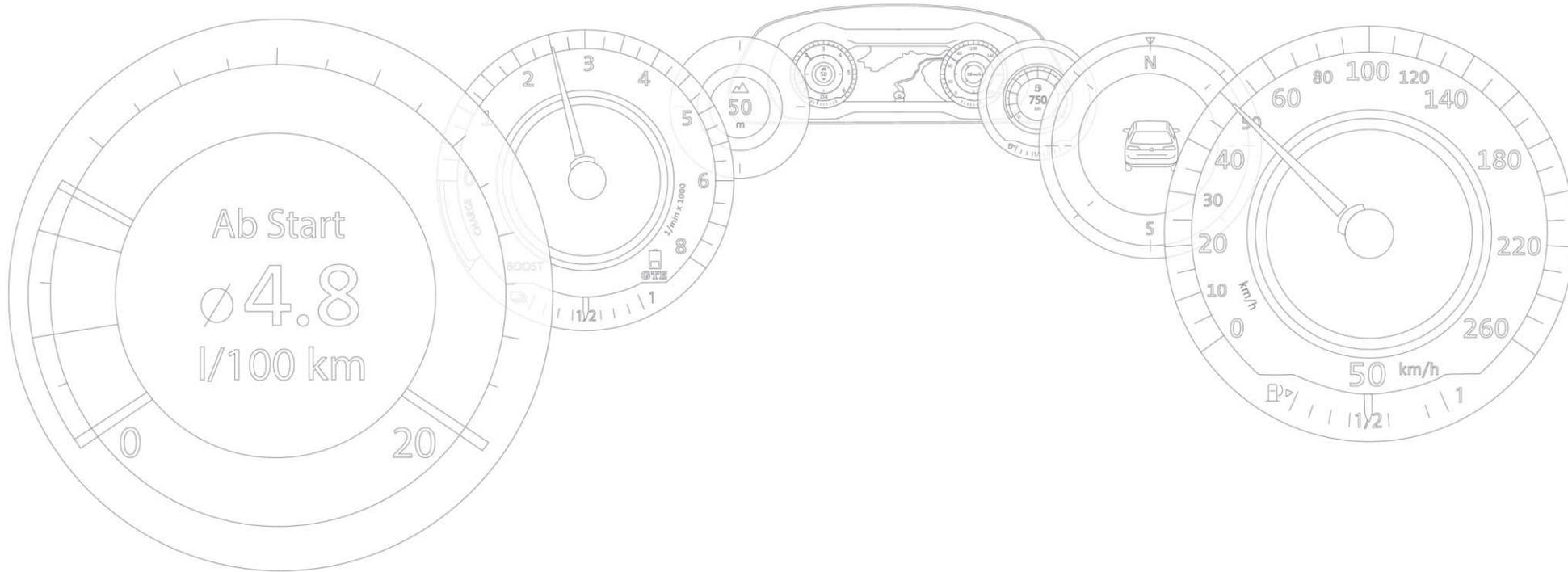


**We are creating a new, better and stronger Volkswagen through...**

...step-by-step transformation of the Group, while preserving its cultural roots and strengths.

...releasing new strengths and mobilizing new potential.

...value-based actions as precondition for sustained economic success.



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