



VOLKSWAGEN
AKTIENGESELLSCHAFT

**We are
redefining
mobility.**

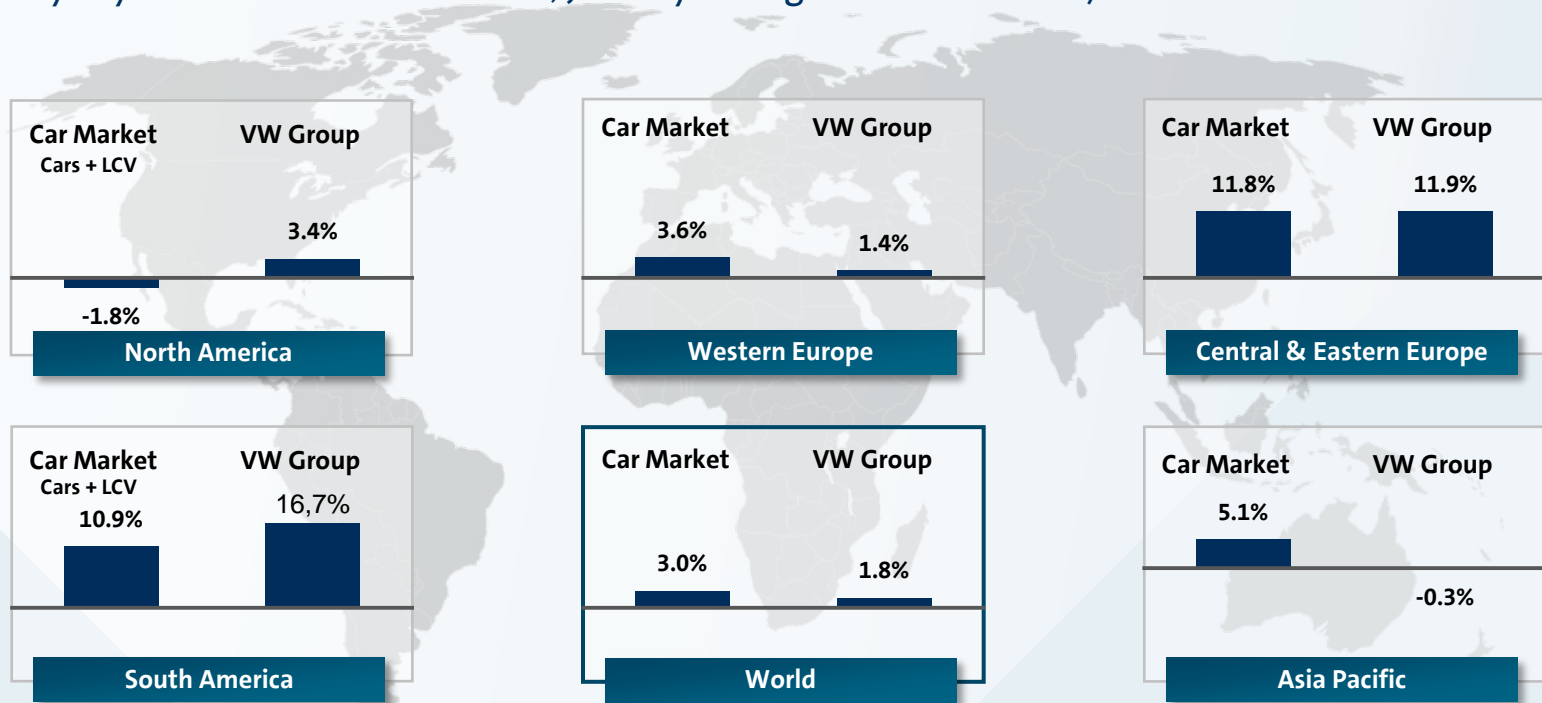
Volkswagen Group

Frank Witter

Chief Financial Officer

Investor Roadshow with Exane BNP Paribas, London, 22nd September 2017

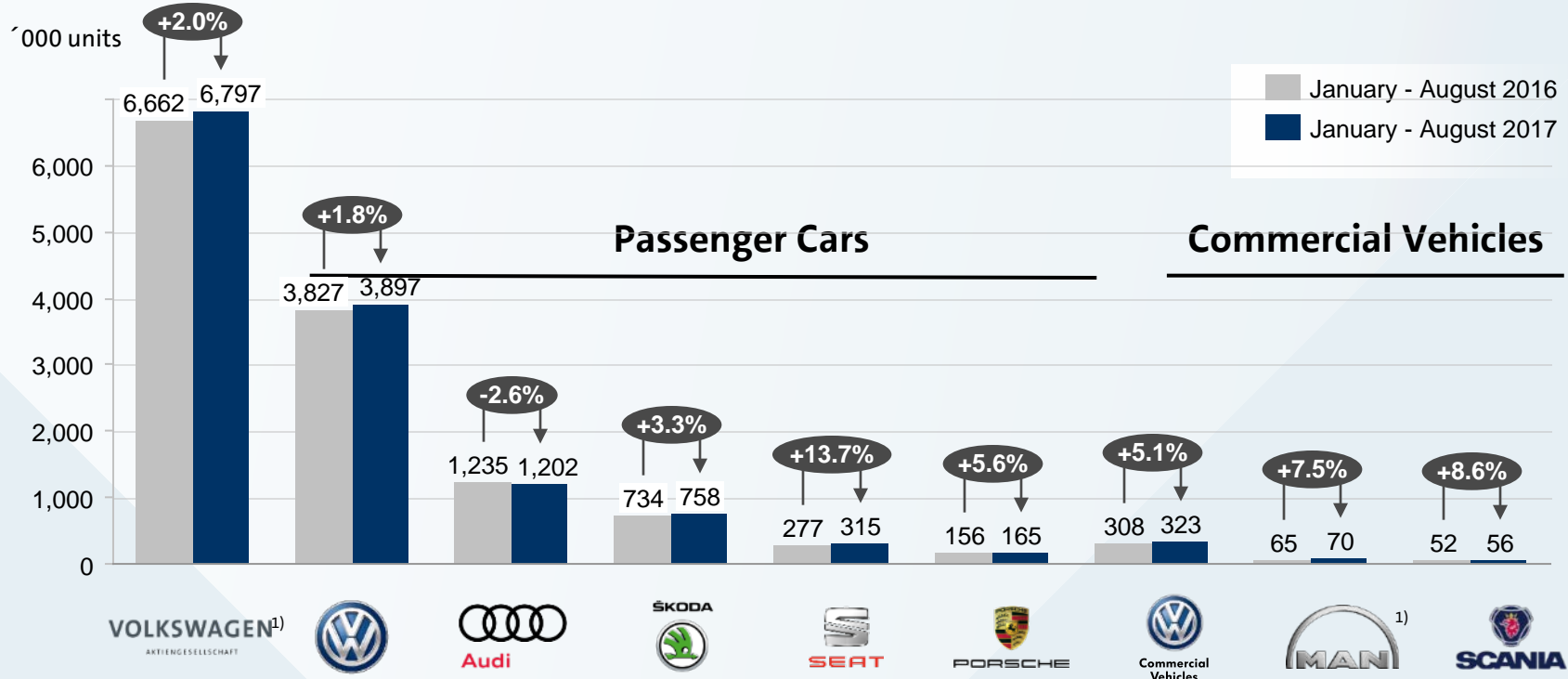
Development World Car Market vs. Volkswagen Group Car Deliveries to Customers¹⁾ (Growth y-o-y in deliveries to customers, January to August 2017 vs. 2016)



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

Volkswagen Group – Deliveries to Customers by Brands

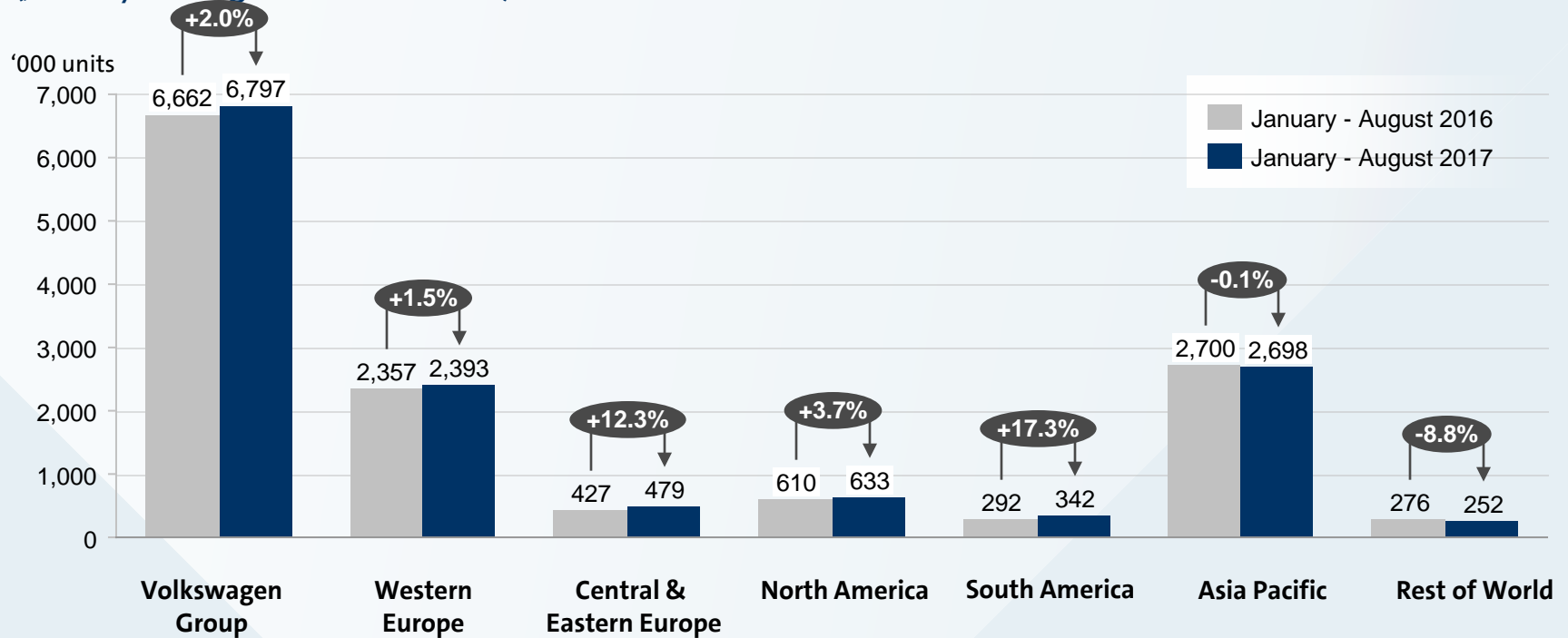
(January to August 2017 vs. 2016)



¹⁾ MAN incl. MAN Latin America Trucks and Busses GVW > 5t

Volkswagen Group – Deliveries to Customers by Markets¹⁾

(January to August 2017 vs. 2016)



¹⁾ Incl. all brands of Volkswagen Group (Passenger Cars and Commercial Vehicles);

Volkswagen Group: Environmental and Future Incentives Program

- Promoting the renewal of the vehicle fleet through the changeover to Euro 6 and e-mobility
- Improve air quality in cities
- Incentives on purchasing a Volkswagen, Volkswagen Commercial Vehicles, Audi, SEAT, ŠKODA or Porsche with Euro 6 Standard

Example Germany:

- Program is available until December 31st, 2017
- Incentives for scrapping an old diesel vehicle of any brand with Euro 4 or older and purchase of a new vehicle
(Volkswagen: €2,000 to €10,000; Audi: €3,000 to €10,000; SEAT: €1,750 to €8,000; ŠKODA : €1,750 to €5,000; Porsche: €5,000)
- Additional bonus for the purchase of alternative powertrain (electric, hybrid or natural gas)

Example Incentive Volkswagen Brand¹⁾:

Model	„Environmental“ Incentive		Powertrain type	„Future“ Incentive
up!	€2,000		Natural gas (e.g. Golf TGI)	€1,000
Polo	€3,000	+	Hybrid (e.g. Golf GTE; Passat GTE)	€1,785
Golf, Golf Sportsvan, Golf Estate, Tiguan, Tiguan Allspace, Beetle Cabrio	€5,000		Electric (e.g. e-up!; e-Golf)	€2,380
Touran	€6,000	+	State subsidy ²⁾	
Passat Sedan/Estate, Arteon, Sharan	€8,000			
Touareg	€10,000	=	Total support available per model	

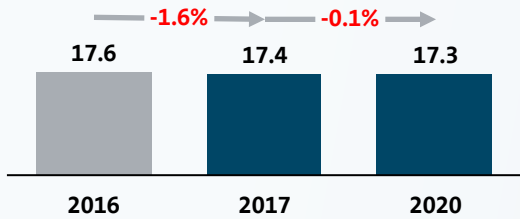
Cost of Programs anticipated to be balanced through higher volumes, benefits of gaining new customers and raising customer loyalty

Global Passenger Car Market 2017/2020

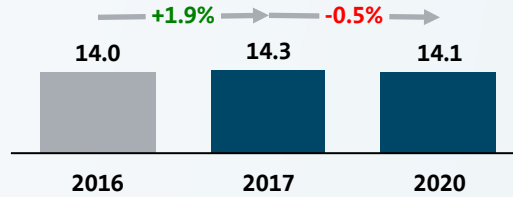
Slowdown in Western Europe; Stagnation in USA at a high level; Recovery in Brazil though from a low level; Strong growth in India; China remains largest driver of passenger car demand

million units

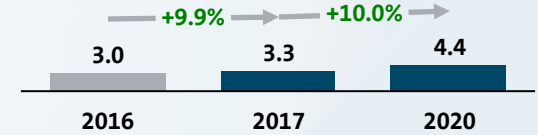
USA¹



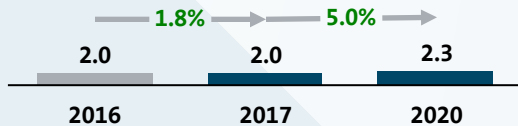
Western Europe



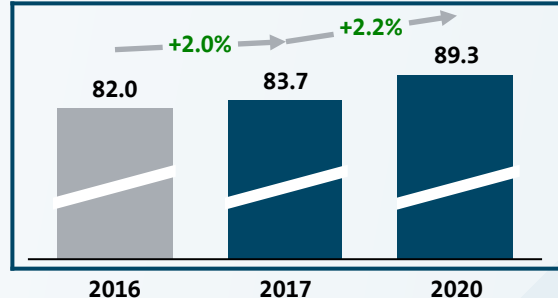
India



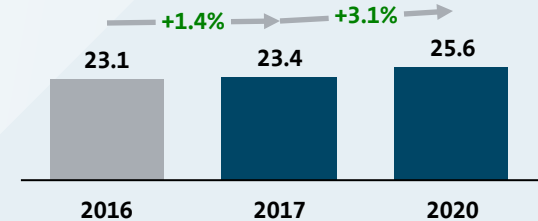
Brazil¹



World¹



China



Volkswagen Group – Key Financial Figures¹⁾

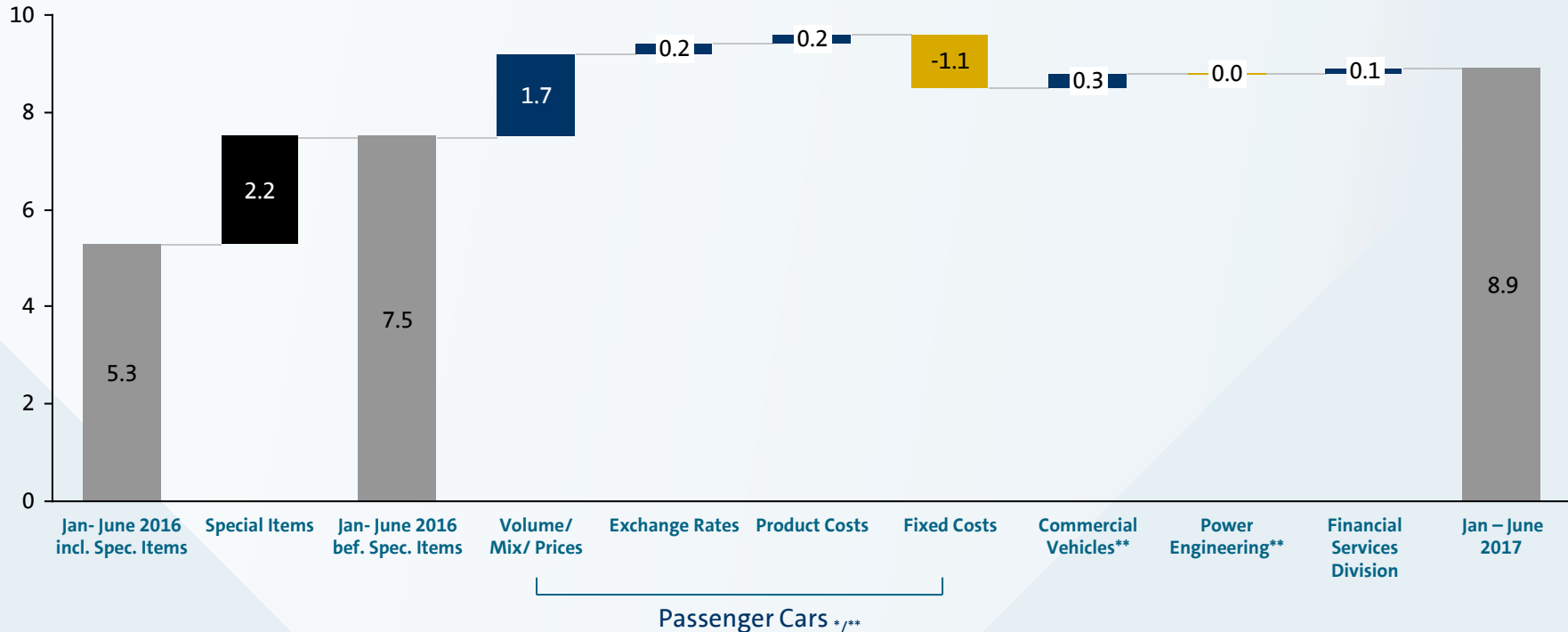
(January to June 2017 vs. 2016)

thousand vehicles / € million	2017	2016	+/- (%)
Vehicle Sales ²⁾	5,270	5,199	+1.4
Sales revenue	115,862	107,935	+7.3
Operating profit before Special Items	8,916	7,517	+18.6
<i>% of sales revenue</i>	7.7	7.0	
Operating profit	8,916	5,339	+67.0
<i>% of sales revenue</i>	7.7	4.9	
Financial result	44	-528	X
of which: At-equity result ²⁾	1,635	1,715	-4.7
of which: Other financial result	-1,591	-2,243	-29.1
Profit before tax	8,960	4,810	+86.3
<i>% Return on sales before tax</i>	7.7	4.5	
Profit after tax	6,595	3,579	+84.3

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 €2,135 million (€2,366 million).

Operating profit increased to a record €8.9 billion in H1 2017



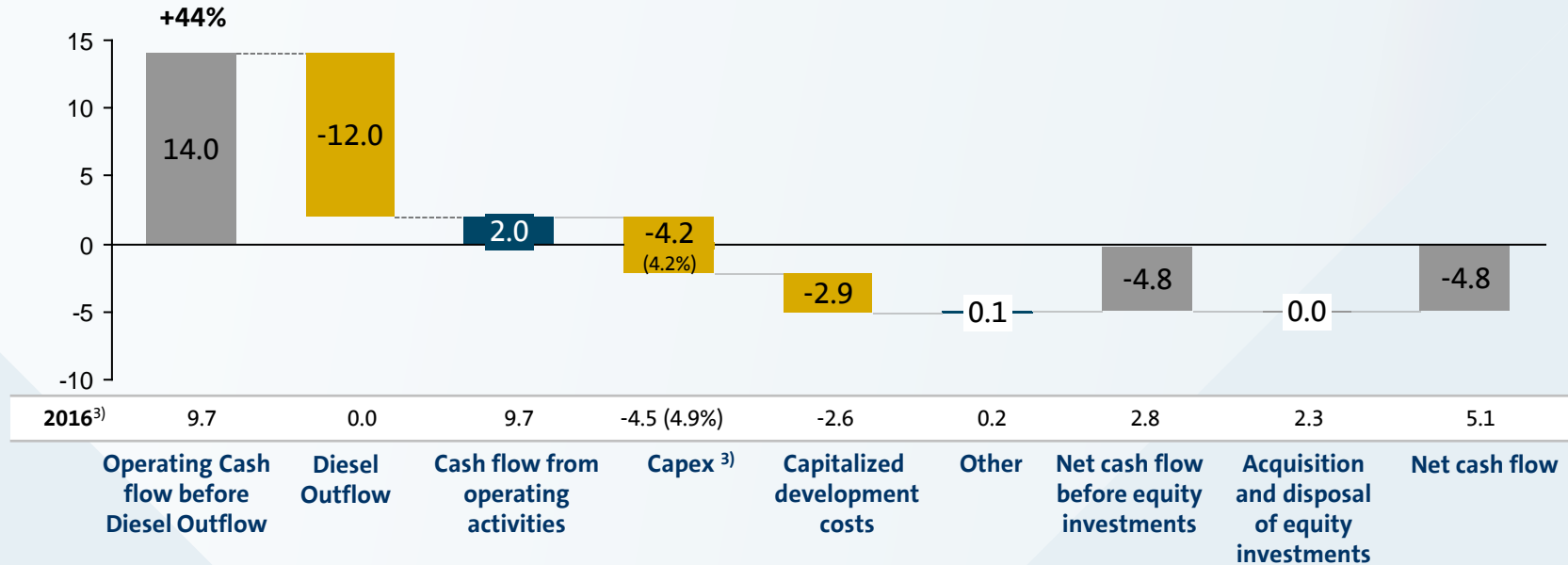
All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ^{*)} without FS ^{**}) including PPA

Strong brands contributed to the operating profit of the Group in H1 2017

thousand vehicles/ € million	Vehicle sales		Sales revenue		Operating profit	
	2017	2016	2017	2016	2017	2016
Volkswagen Passenger Cars ²⁾	1,812	2,232	39,855	53,006	1,776	881
Audi	783	799	30,143	30,134	2,680	2,666
ŠKODA	501	431	8,720	7,114	860	685
SEAT	304	276	5,054	4,485	130	93
Bentley	5	5	867	883	13	-22
Porsche Automotive ³⁾	124	117	10,841	10,151	2,056	1,768
Volkswagen Commercial Vehicles	244	231	5,927	5,406	448	299
Scania ⁴⁾	44	41	6,307	5,575	673	550
MAN Commercial Vehicles	53	49	5,297	4,798	193	186
MAN Power Engineering	-	-	1,579	1,673	73	103
VW China ⁵⁾	1,870	1,867	-	-	-	-
Other ⁶⁾	-469	-849	-14,728	-28,901	-1,152	-687
Volkswagen Financial Services ⁷⁾	-	-	15,999	13,611	1,165	995
Volkswagen Group before Special Items	-	-	-	-	8,916	7,517
Special Items	-	-	-	-	-	-2,178
Volkswagen Group	5,270	5,199	115,862	107,935	8,916	5,339
Automotive Division ⁸⁾	5,270	5,199	98,901	92,547	7,651	4,162
of which: Passenger Cars	4,930	4,879	80,070	75,285	6,654	3,895
of which: Commercial Vehicles	340	320	17,252	15,589	1,043	285
of which: Power Engineering	-	-	1,579	1,673	-46	-18
Financial Services Division	-	-	16,961	15,388	1,265	1,177

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ 2017 figures take account of the reclassification of companies; prior-year figures were not adjusted. ³⁾ Porsche (Automotive and Financial Services): sales revenue €11,778 (10,929) million, operating profit €2,131 (1,830) million. ⁴⁾ Including financial services. ⁵⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €2,135 (2,366) million. ⁶⁾ Prior year adjusted. In operating profit 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 purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche. ⁷⁾ Starting January 1, 2017, Porsche's financial services business is reported as part of Volkswagen Financial Services. Prior-year figures were not adjusted. ⁸⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Automotive Division net cash flow H1 2017: Significant increase in operating cash flow

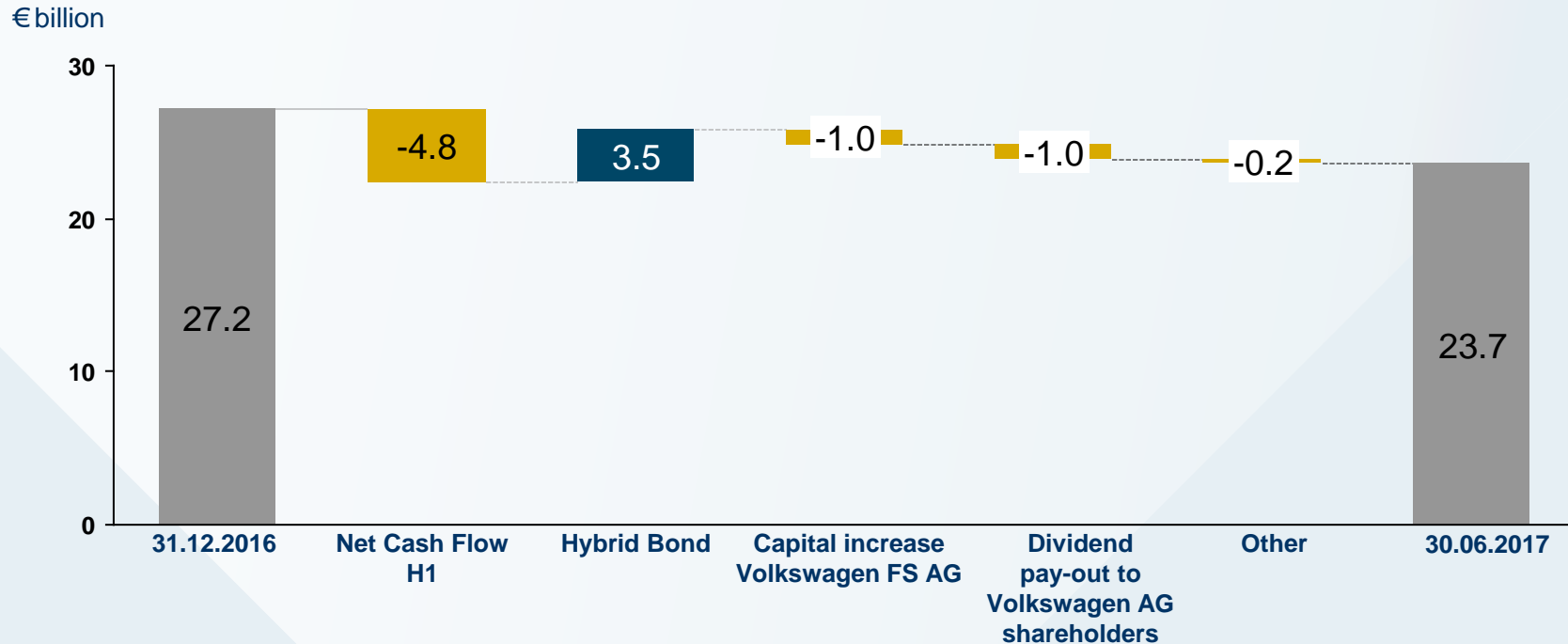


¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

³⁾ Capital expenditure for property, plant and equipment in % of Automotive sales revenue.

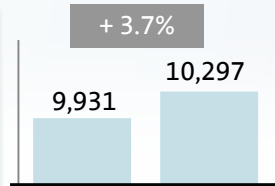
Automotive Division net liquidity on a robust level at June 30th

€ billion



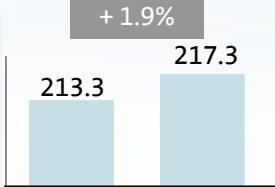
Volkswagen Group – Outlook for 2017

Deliveries to customers
(‘000 vehicles)



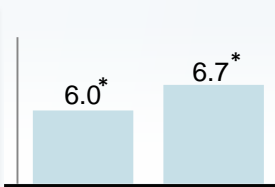
Deliveries to customers
moderately above prior year

Sales revenue
(€ billion)



Sales revenue*
Up more than 4% above prior year level

Operating return on sales
(%)



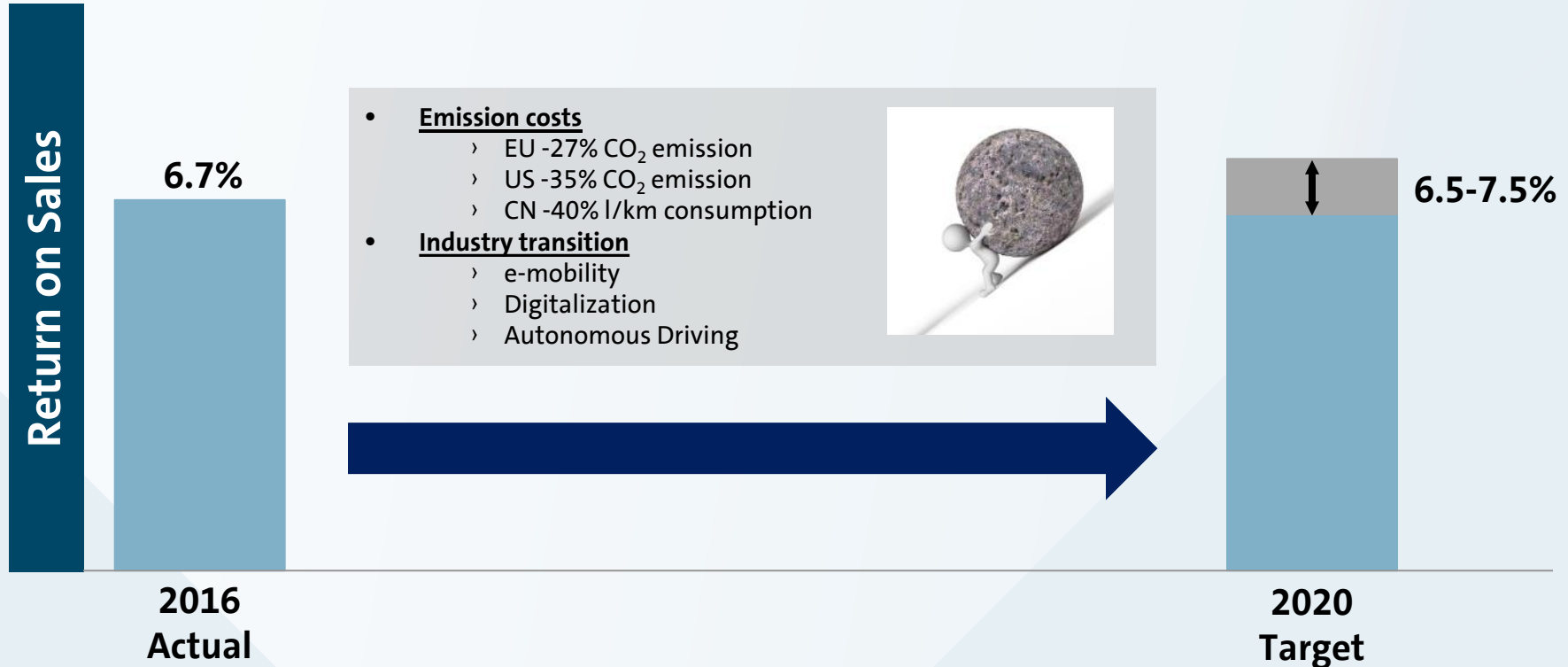
Operating return on sales
between 6.0% and 7.0%

*before Special Items

2015 2016
Full Year

* Upgraded at H1

Improving Group results despite significant challenges



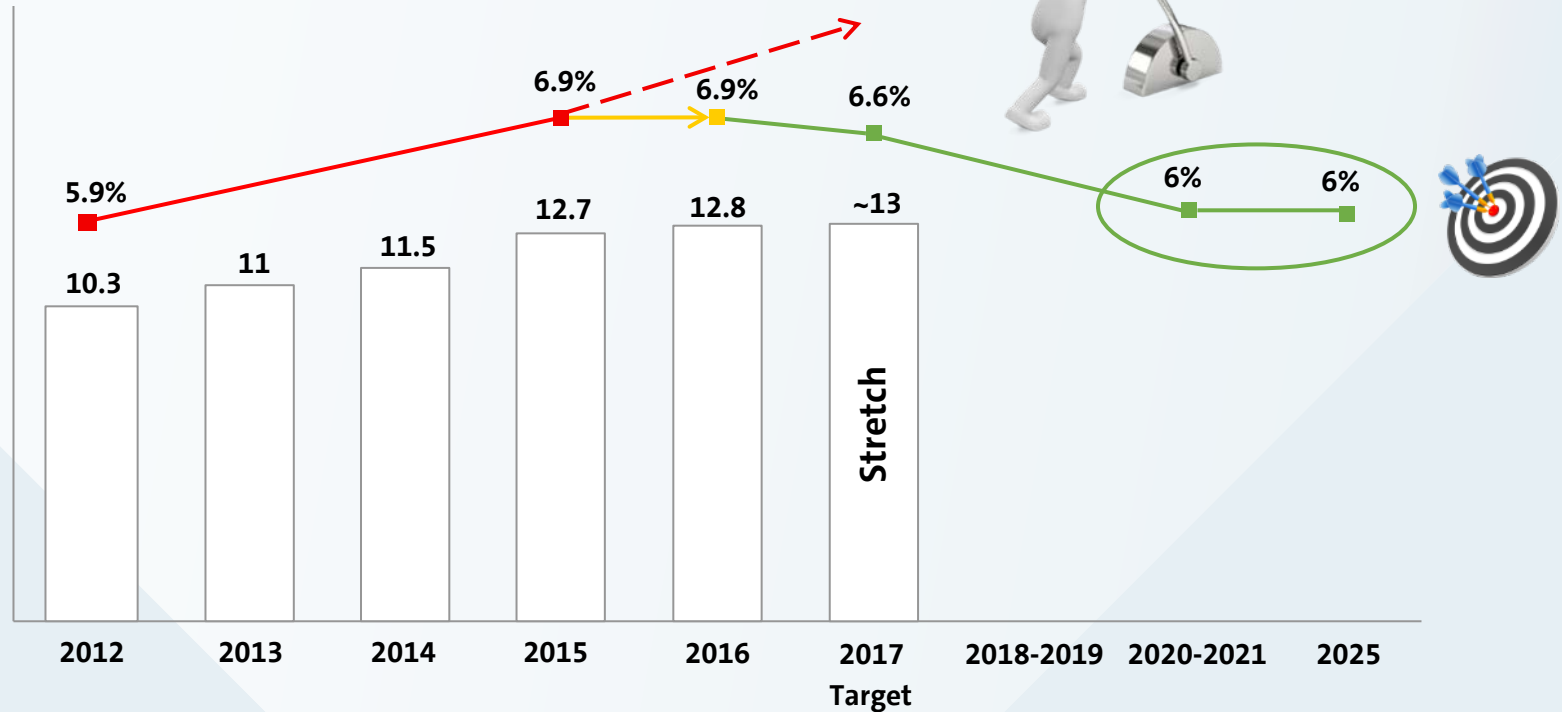
Clear Financial Targets and Milestones

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

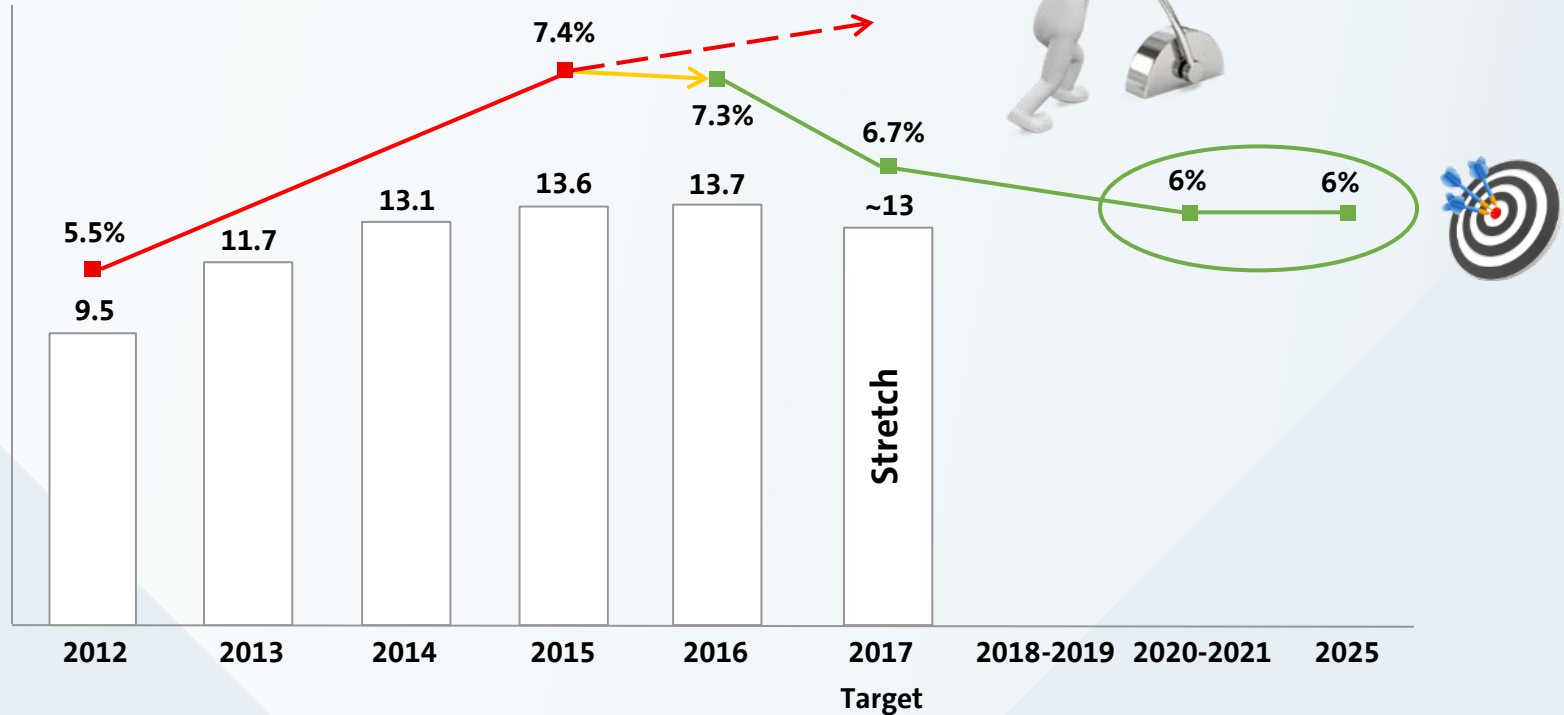
CAPEX Automotive Division

(€ bn, as % of sales revenue)






R&D Cost Automotive Divison

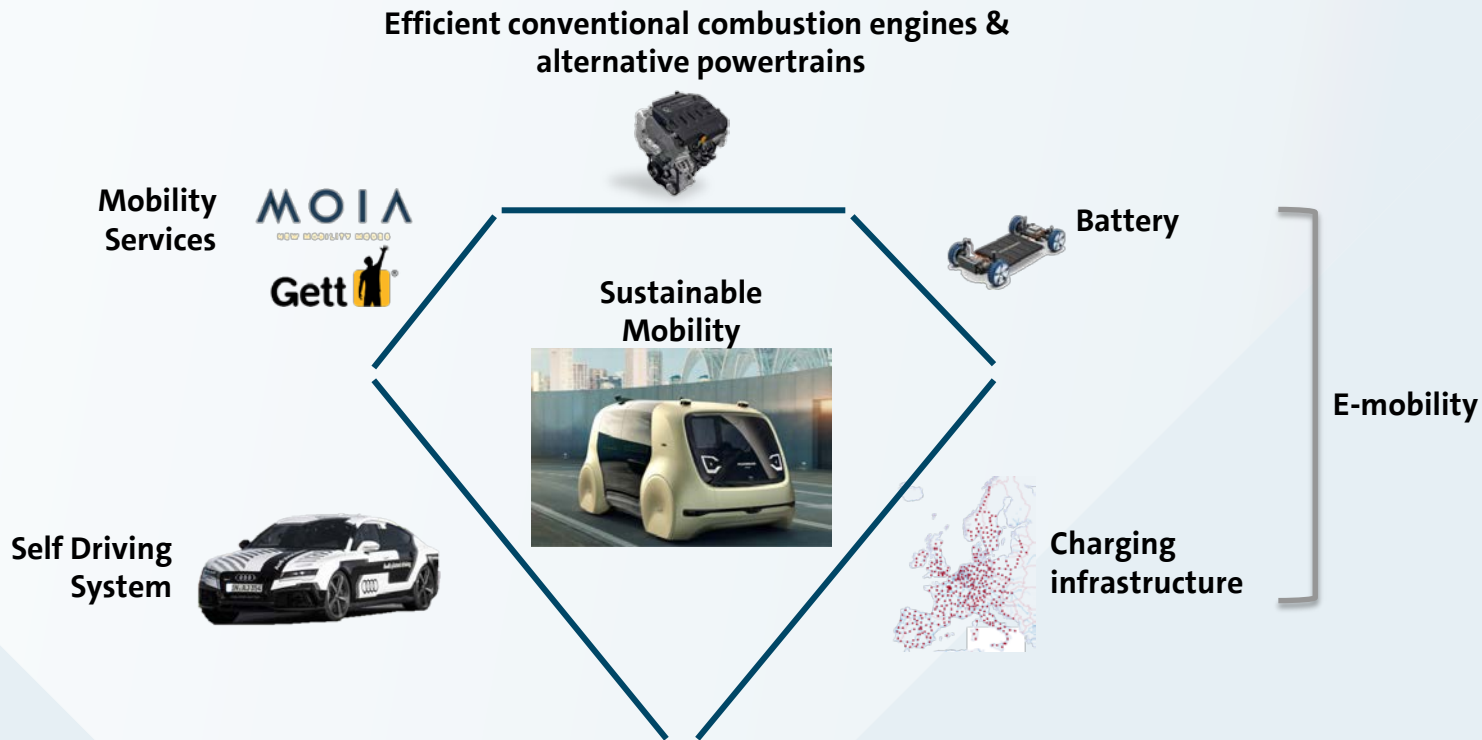
(€ bn, as % of sales revenue)



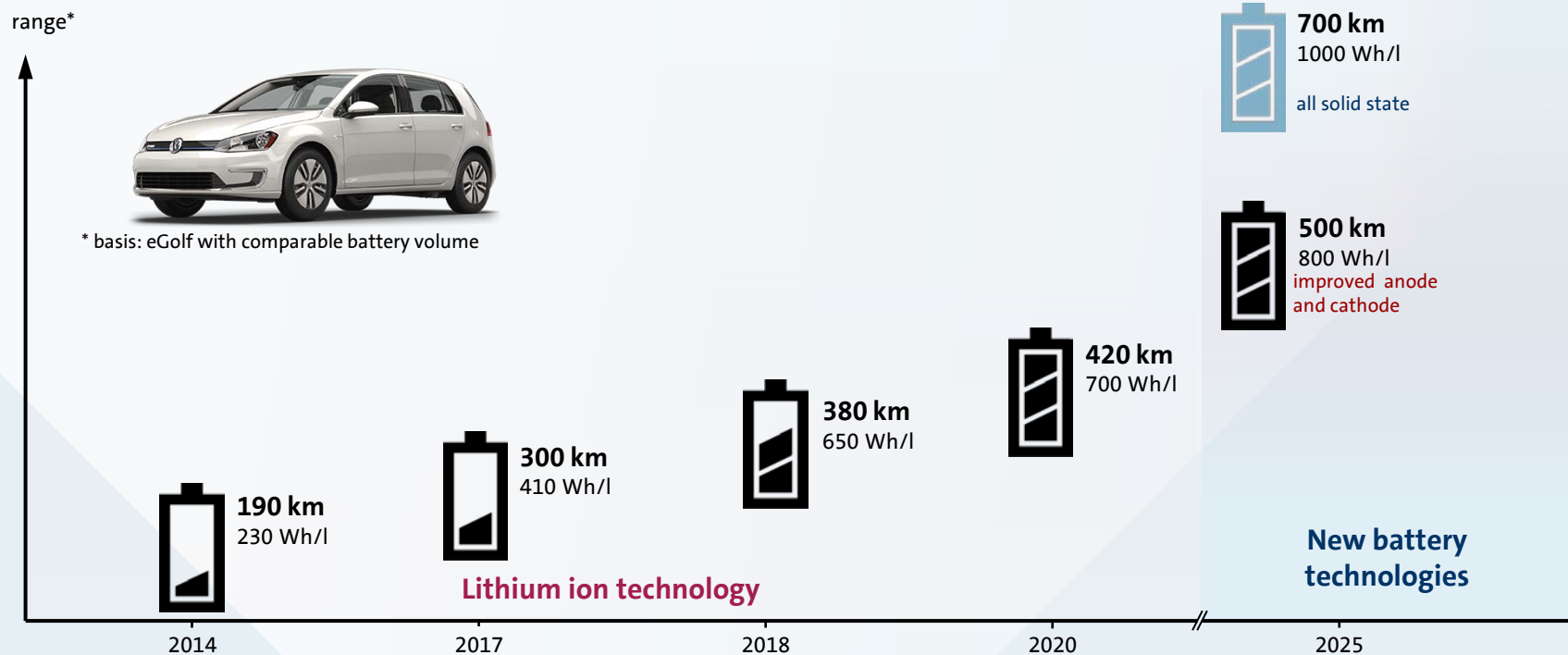
STRATEGY 2025 – INITIATIVES AT A GLANCE

<p>GROW PROFITABLY</p>	<ul style="list-style-type: none"> 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 	 <p>Transform core business</p>	<ul style="list-style-type: none"> 10 Build mobility solutions business 11 Develop and expand attractive and profitable smart mobility offering 	<ul style="list-style-type: none"> 12 Improve operational excellence 13 Optimize business portfolio
<p>DEVELOP STRATEGIC CAPABILITIES</p>	<ul style="list-style-type: none"> 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 	 <p>Build mobility solutions business</p>	 <p>Secure funding</p>	
<p>ENHANCE ENTREPRENEURIAL SPIRIT</p>	<ul style="list-style-type: none"> 8 Implement model line organization 9 Realign “Components” business 			
<ul style="list-style-type: none"> 14 Drive digital transformation 		<ul style="list-style-type: none"> 15 Create organization 4.0 	 <p>Strengthen innovation power</p>	<ul style="list-style-type: none"> 16 Better integrated and strategic planning process

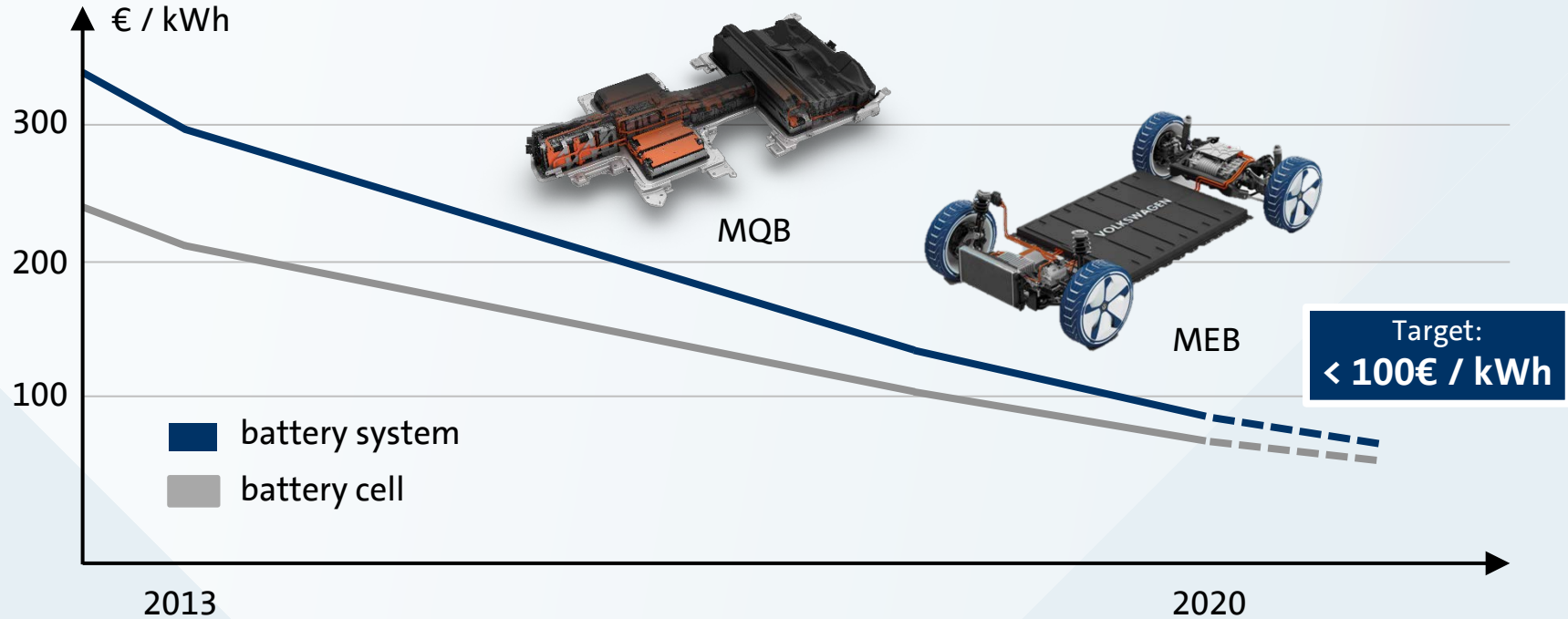
Building blocks to provide sustainable mobility solutions



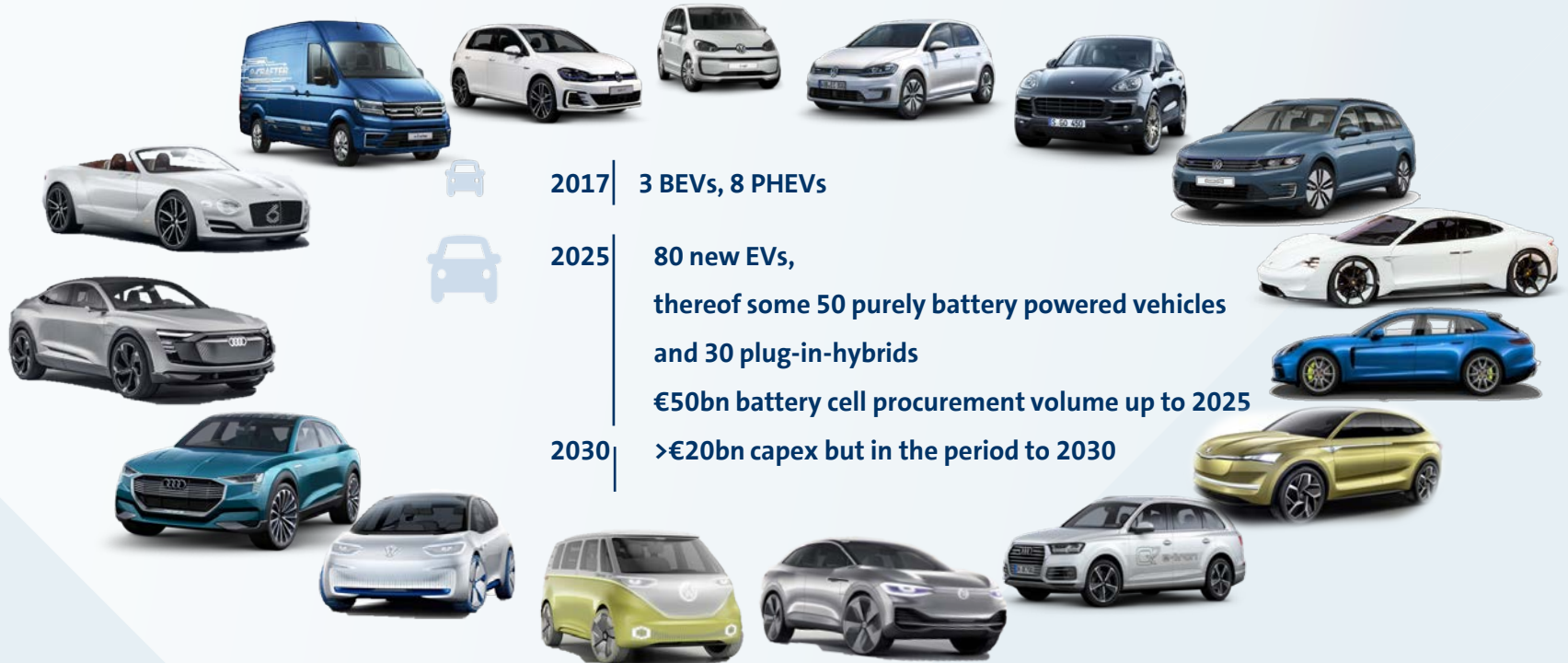
Advances in battery technology will improve range, weight and costs



Battery costs will decrease significantly by 2020

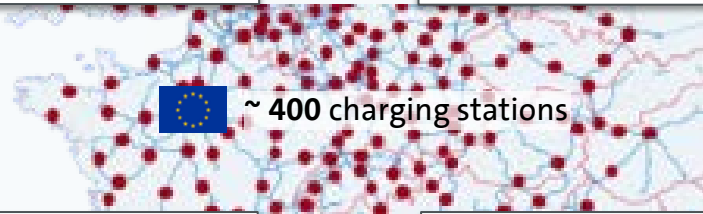


Roadmap E - E-mobility model offensive of the Volkswagen Group



Multi OEM Joint Venture to deploy a HPC charging network in Europe

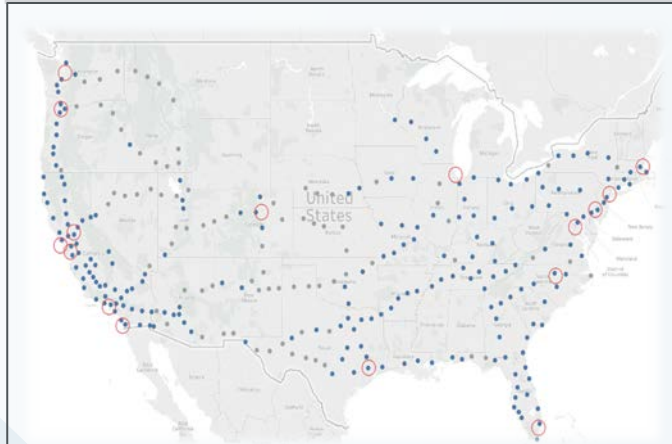
European High Power Charging GmbH & Co. KG

**BMW
GROUP****DAIMLER****VOLKSWAGEN**
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- ◆ Unprecedented collaboration among automakers
- ◆ Deployed power levels up to 350 kW
- ◆ Network based on the Combined Charging System (CCS) international standard
- ◆ Open brand-independent network

Electrify America: Start to execute the National ZEV plan (Zero Emissions Vehicles)

Electrify America first cycle network



- Phase 1 long-distance site (initial implementation)
- Phase 2 long-distance site
- Potential metro area

First 30-month investment cycle – focus on EV infrastructure, including highway and community chargers

Key features of Appendix C

Investment

- **\$2B total investment over 10 years at \$500M per 30-month cycle**
 - \$1.2B Nationally (EPA)
 - \$800M in California (CARB)

Goal

- **Goal to increase EV adoption for US market through brand-neutral and self-sustaining ZEV investments**

Plan

- **30-month investment, planning, and reporting cycles allow for changes in technology, customer behavior, and car capabilities**

Intensified efforts to develop autonomous vehicles

2005 Winner Darpa Grand Challenge



2016 Volkswagen Group >200 AV related patents



2018 Battery Electric Special Purpose Shuttle



2025: More to come...

2010 Autonomous Audi TTS "Shelley" climbs Pikes Peak



2017 SEDRIC is Volkswagen Group's first Level 5 vehicle



2021 Production-ready by 2021: Self-Driving System





Cascading Group Targets to Brands

Group KPIs

RoS

RoI

Capex

R&D

CF/Liquidity



Commitment



VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

Specific KPIs

Brand KPIs

Top-Down Targets



Committed in Planning Rounds

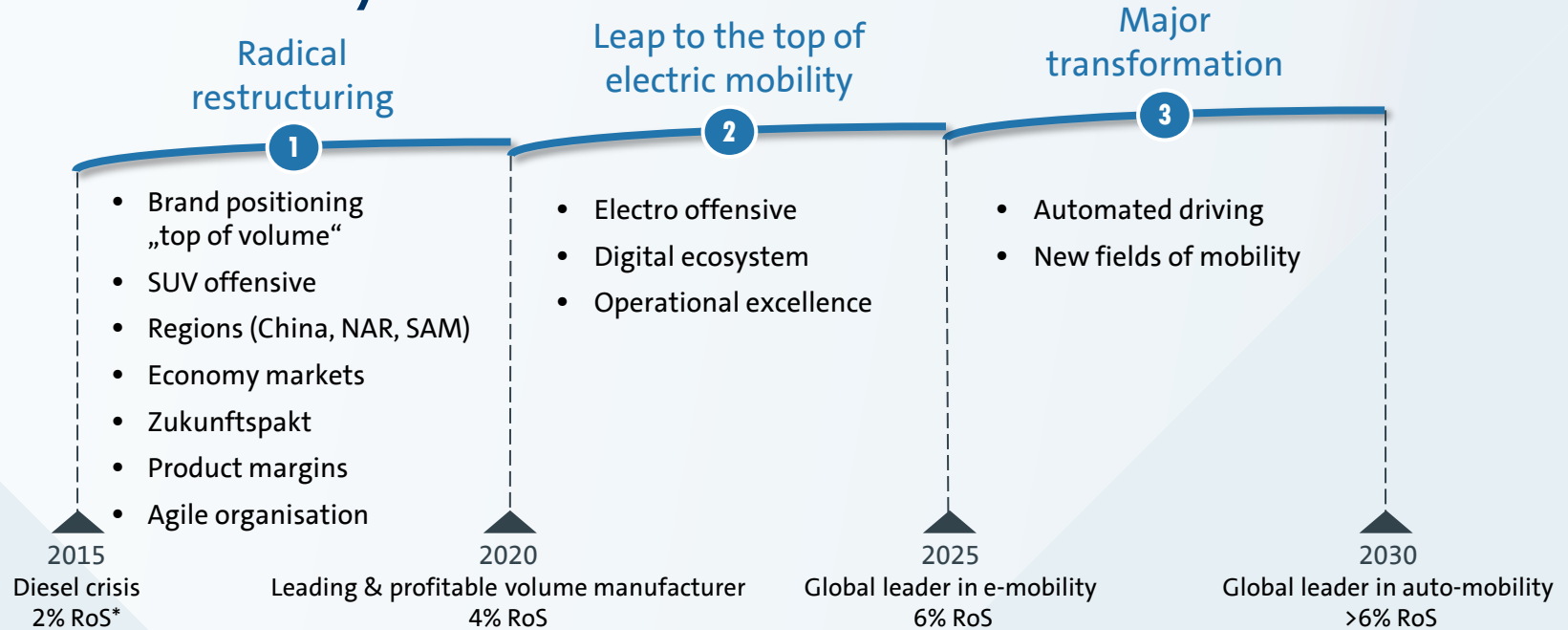
Overview Brand Targets (RoS, RoE)

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

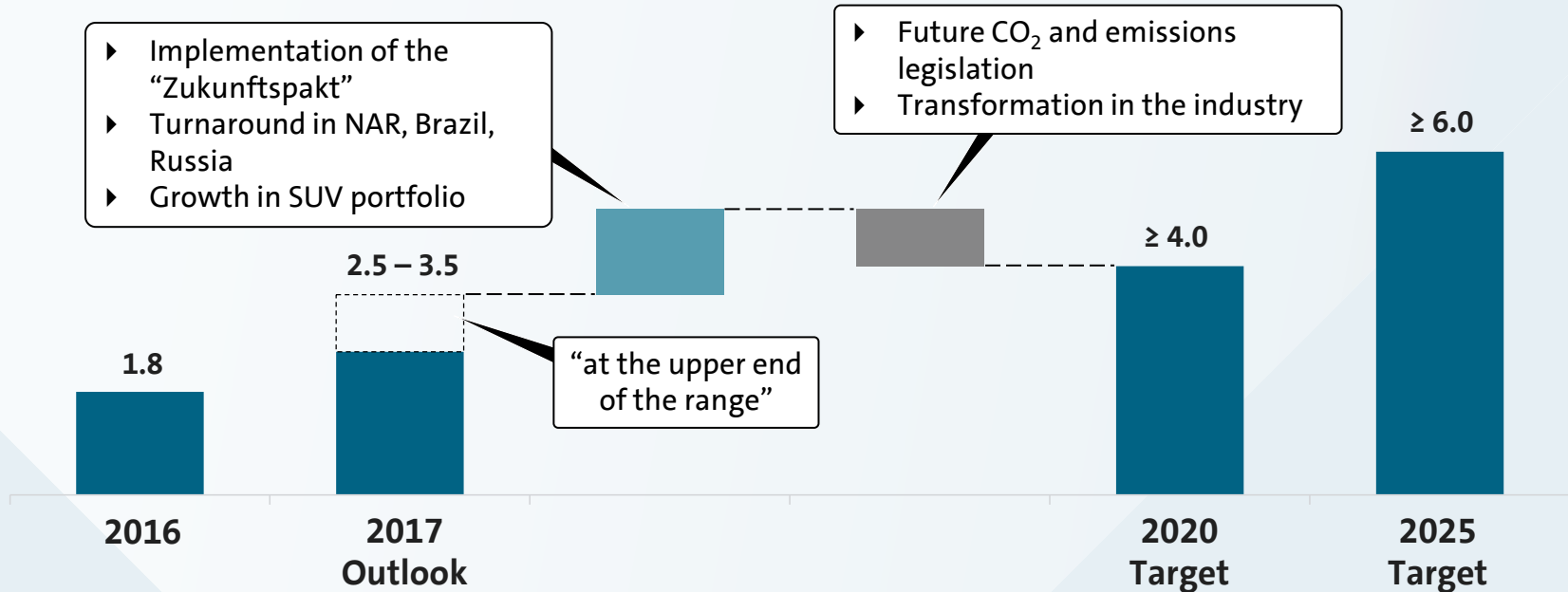
The „TRANSFORM 2025+“ strategy will put the brand to the top of the automotive industry



* Before special items

Result outlook for 2017 follows TRANSFORM 2025+ strategy path

(Growth in operating return on sales as % of net earnings)





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

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

Secure the Future

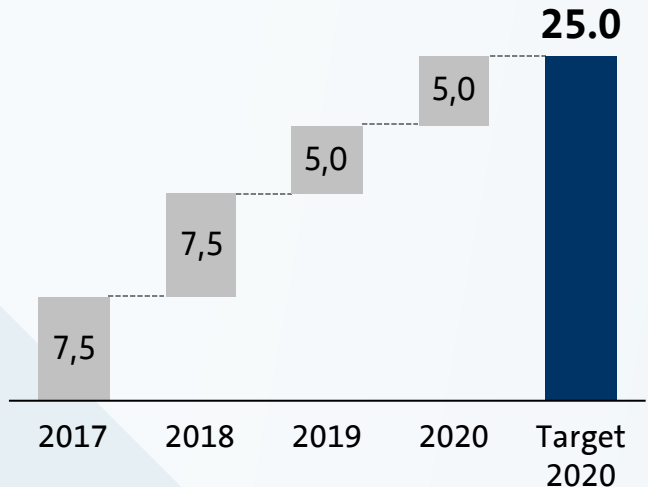
- 4 additional models:
2 conventional and 2 MEB vehicles
- Investments in:
 - Electric drive trains
 - Pilot facility battery cell
 - Battery system
- Competency/capacity increase in autonomous driving, electrification, connectivity etc.
- Creation of employment in new business segments

Reduction in workforce based on demographic curve

Volkswagen brand: Productivity will increase by 7.5 percent this year

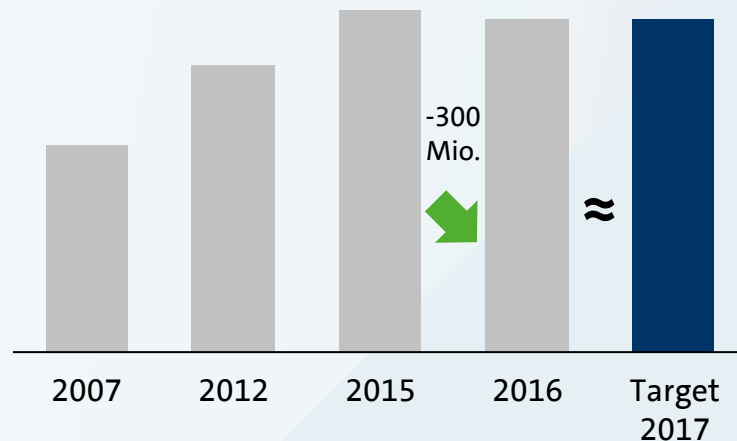
PRODUCTIVITY IMPROVEMENT

(percent | Targets)



FIXED COSTS IN GERMANY

(€ billion)



Volkswagen brand is planning a strong comeback in the USA

Focus on US Core Segments



Atlas



Tiguan LWB



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)



Tiguan LWB (NAR)



T-Roc (EU)



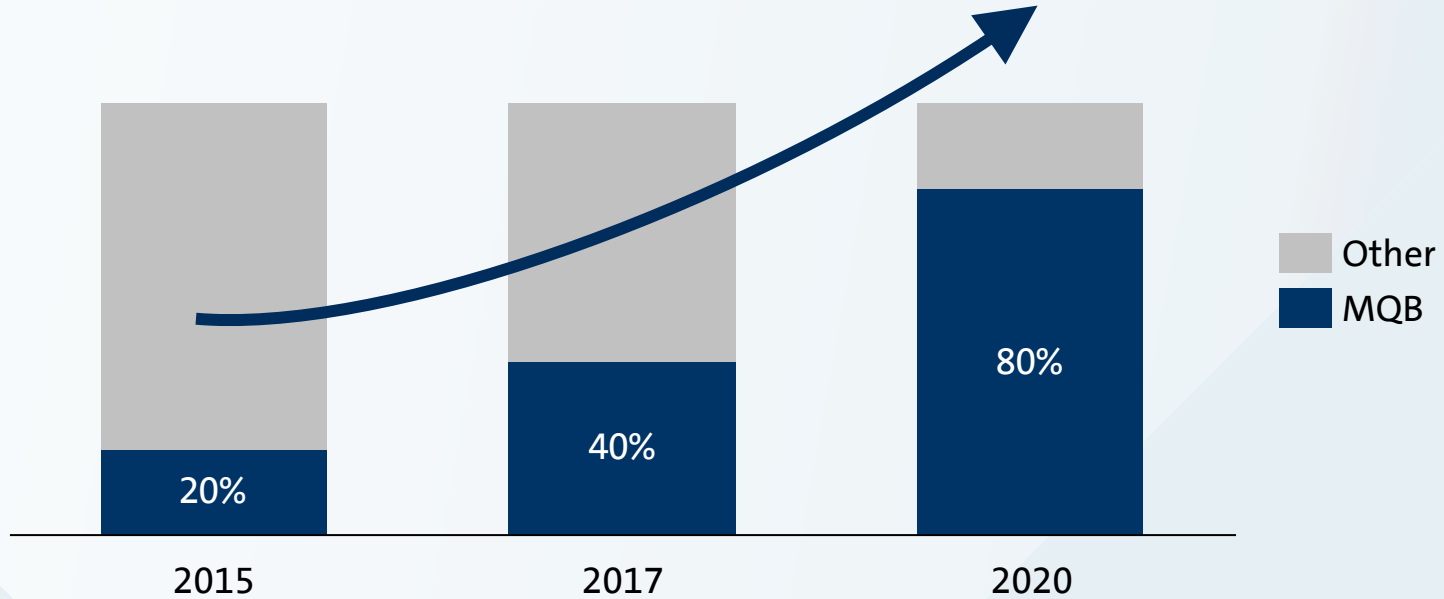
Virtus (SAM)



Jetta (NAR)

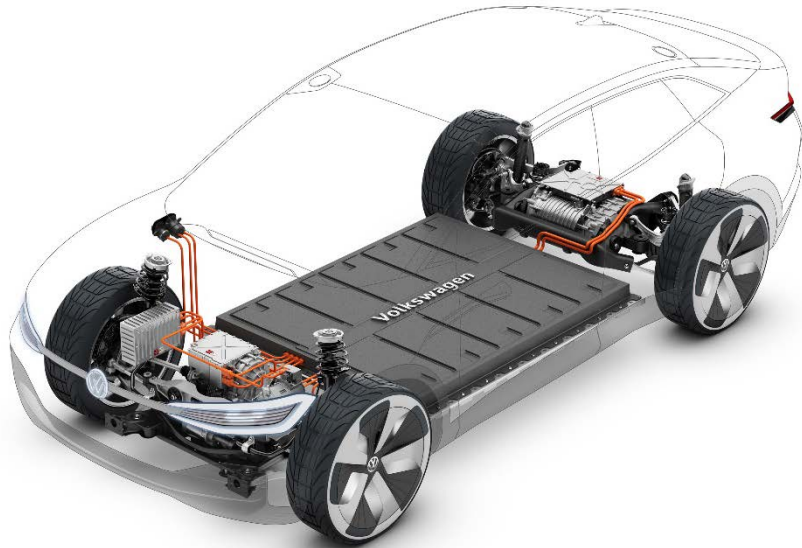
Dates: Start of Production

Further roll-out of MQB offers substantial benefits



SHARE OF MQB (ROUNDED) | TOTAL PRODUCTION VOLUME | VOLKSWAGEN PKW

All electric platform: The basis for profitable electric cars



- Concept determined by: customer benefit and package for cost-optimized design of e-components
- 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

Three models of Volkswagen's "Starting Five" for the Electric Age



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

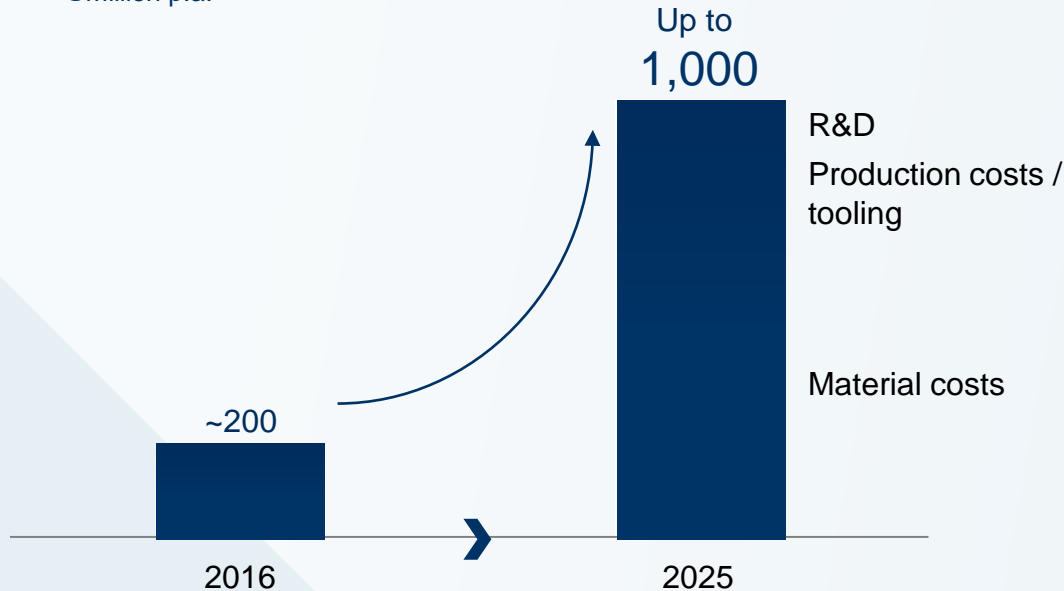


After sales increasingly important as alternative source of revenues
New business models (e.g. enhanced telematics) can stabilize revenues

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

Synergy potential from brand collaboration and expanded platform strategy

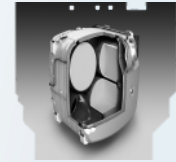
€ million p.a.



Key common powertrain platforms



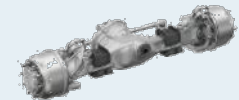
Base engine



After-treatment







Transmission



Axles

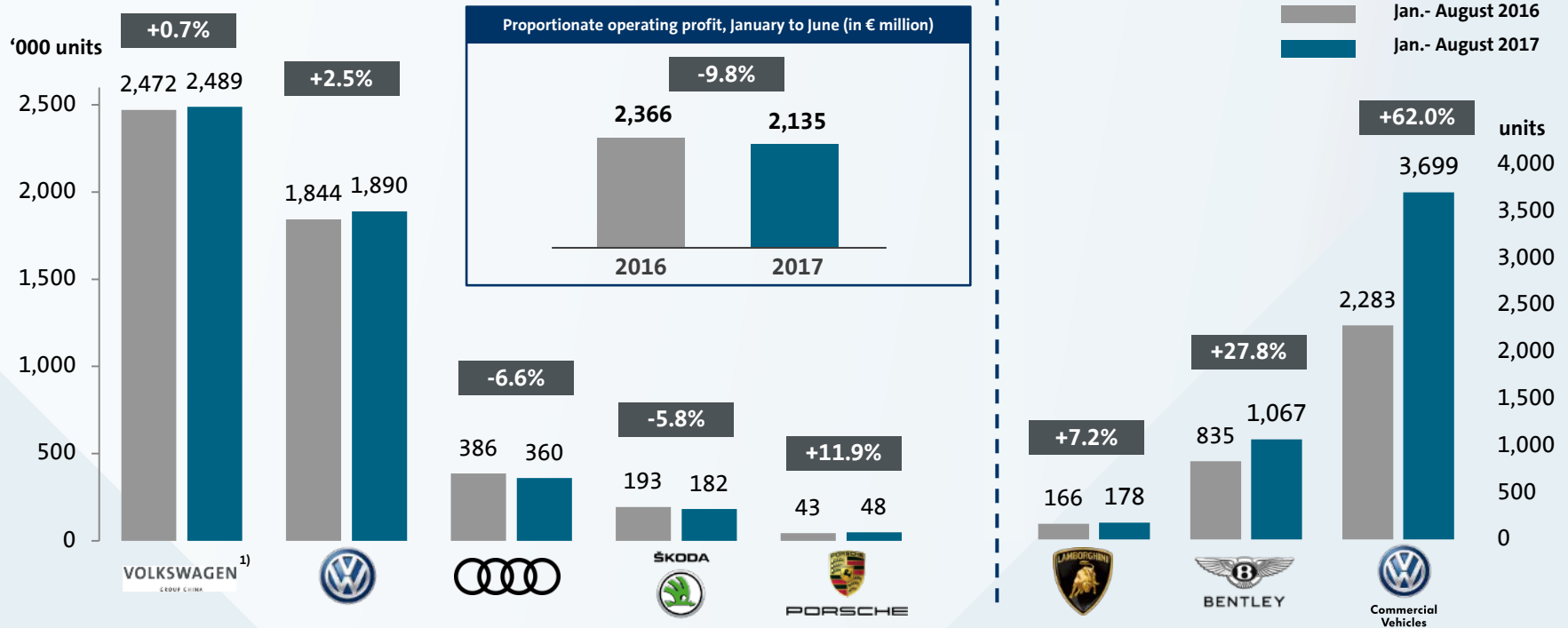
Global expansion on track with Navistar alliance

1	Equity investment		16.8% 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



Volkswagen Group China performance

(January to August 2017 vs. 2016)

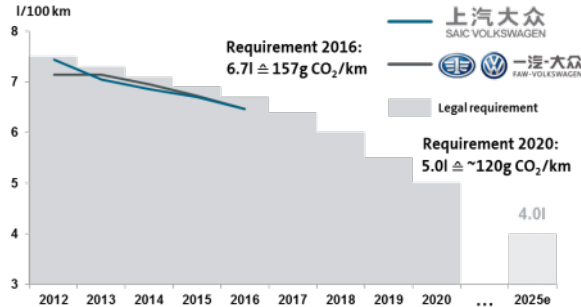


¹⁾ incl. Hong Kong, excl. Ducati. Group numbers incl. MAN and Scania



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 ¹⁾

	2017	2018	2019	2020
NEV credit point ratio	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)

¹⁾ Simplified schematic overview.



We will be prepared to deliver around 400,000 NEVs by 2020 and 1,500,000 by 2025

Introduction of locally produced NEV

Mass market BEV cooperation

Phase 1

Plug-in hybrids based on current toolkits



Phase 2

Pure electric vehicles based on current toolkits



Phase 3

Pure electric vehicles based on scalable electric toolkit



VOLKSWAGEN
GROUP CHINA

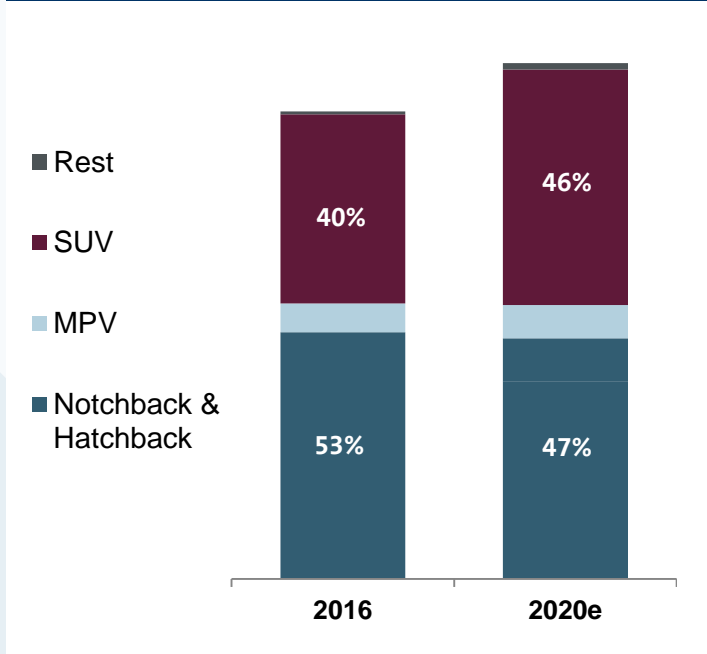
JAC 江淮汽车






New product offering with an expanded SUV line-up ¹⁾

Body style trends until 2020¹⁾




New vehicle launches 2017 and to follow²⁾


SUV




Teramont




Q5




KODIAQ



Tiguan LWB




KAROQ




...

Others


imported




Panamera Turbo




A5 Coupé




TT




Q7 e-tron



R8 Spyder




Panamera LWB




Variant GTE


locally produced



Phideon PHEV



Lavida



Bora

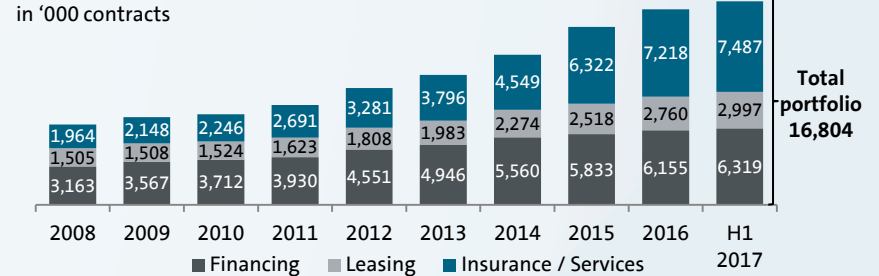
¹⁾ Source: IHS ²⁾ Schematic overview – does not show all models

Volkswagen Financial Services¹⁾: global, well diversified and successful

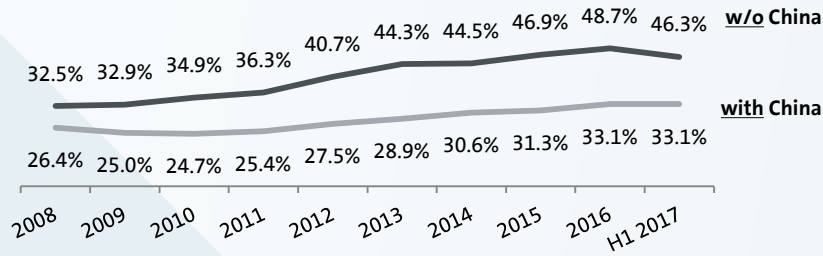
Strong global presence



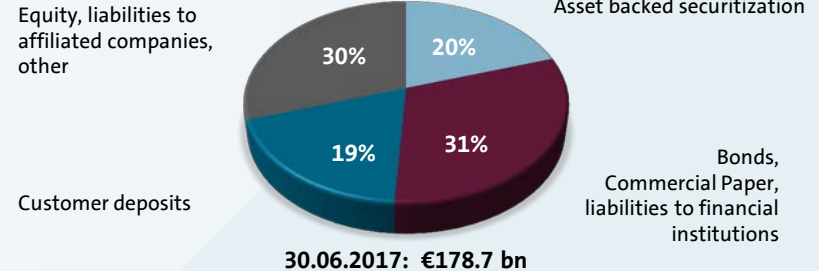
Continuous portfolio expansion



Rising penetration rates



Diversified funding structure



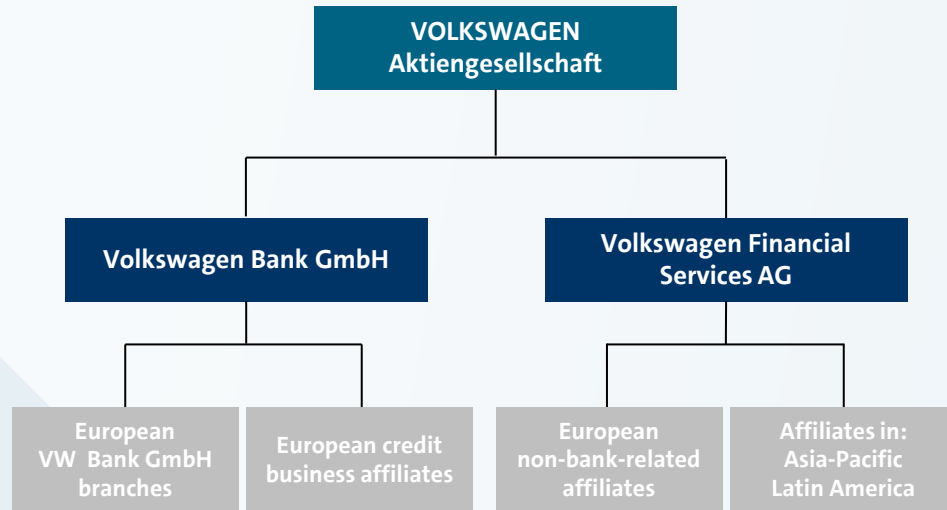
¹⁾ Excluding activities of Scania and Porsche Holding Salzburg; including Financial Services of Porsche AG and MAN Financial Services,



Optimized structure for Volkswagen Financial Services AG

(Effective from 1. September 2017)

Organisational set-up of Volkswagen Financial Services



New Corporate Structure

- All the credit and deposit business within the European Economic Area (EEA) is bundled in Volkswagen Bank GmbH
- Volkswagen Bank GmbH is a wholly owned subsidiary of Volkswagen AG
- The credit business outside Europe - excluding NAR, Scania FS and PHS - as well as all other activities, such as the leasing, insurance, service and mobility business, remain with Volkswagen Financial Services AG

Advantages:

- Optimized capital requirements
- Reduced complexity & improved transparency
- Supports future growth path

Special Items: Diesel related and other

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

No material special items in H1 2017. A significant amount of the Diesel dollar-related provisions are hedged and a further substantial amount of the provisions have been utilized as we had cash outflows of around €3bn in Q4 2016, around €5bn in Q1 2017 and around €7bn in Q2.

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

 Predominantly software-only solution

Update status



Almost 5.9m units have been updated
(status 31st August 2017)

- 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)

Integrity, Compliance & Culture: a selection of three current activity areas

1. Implementation of Holistic Integrity Programme:



Six action fields form the basis for a holistic integrity programme:



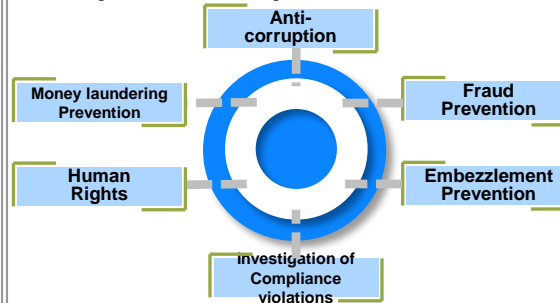
2. Evolution of Group Compliance:



Three areas were defined:

1. Development of Group Compliance Values
2. Clear definition of Group Compliance Objectives
3. Adjustment of Group Compliance structure

Compliance scope:



3. Development of Code of Cooperation:



Mutual rules and guidelines of working together were developed:

- Cross functional
- Aims at corporate culture
- Includes all brands



In Summary:



We know 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!

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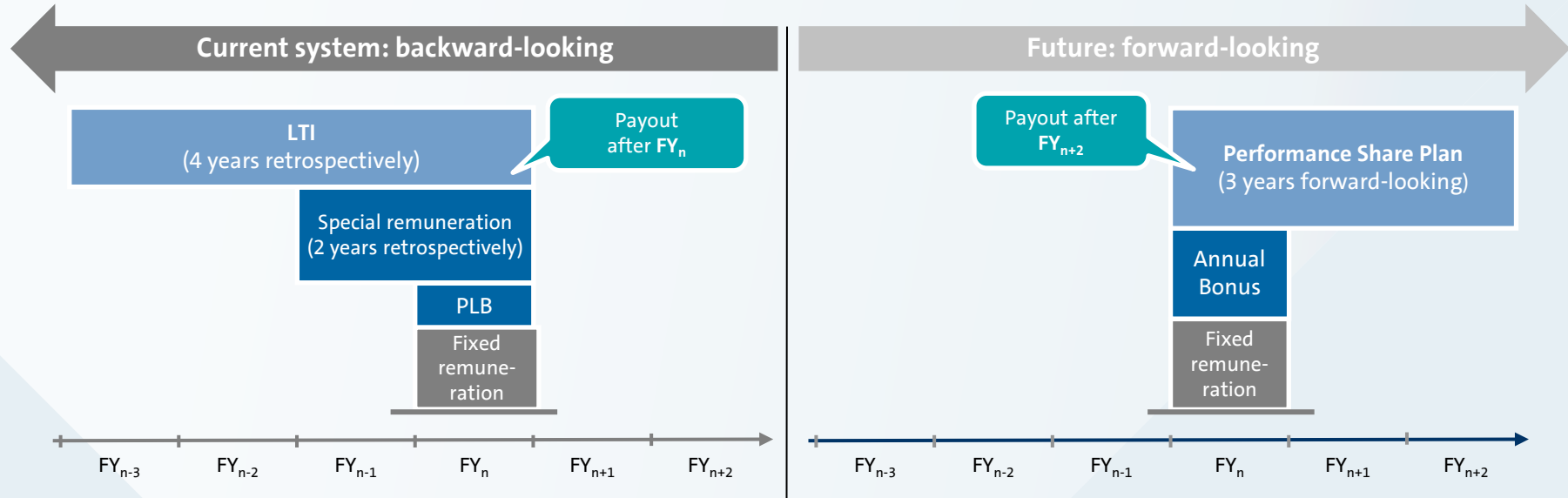
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The new remuneration system is designed to be completely forward-looking



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

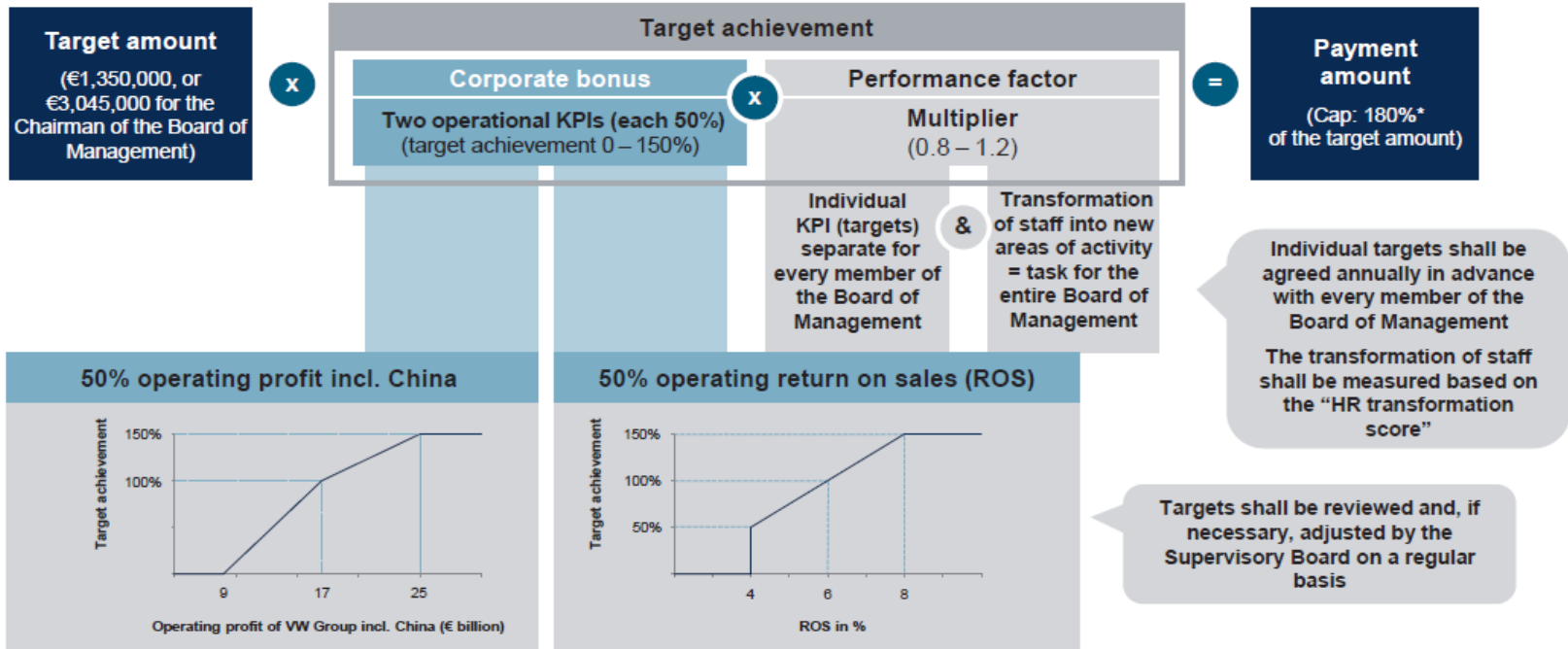
“Variable remuneration components shall generally be based on a multi-year assessment, which shall be materially related to the future.”

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

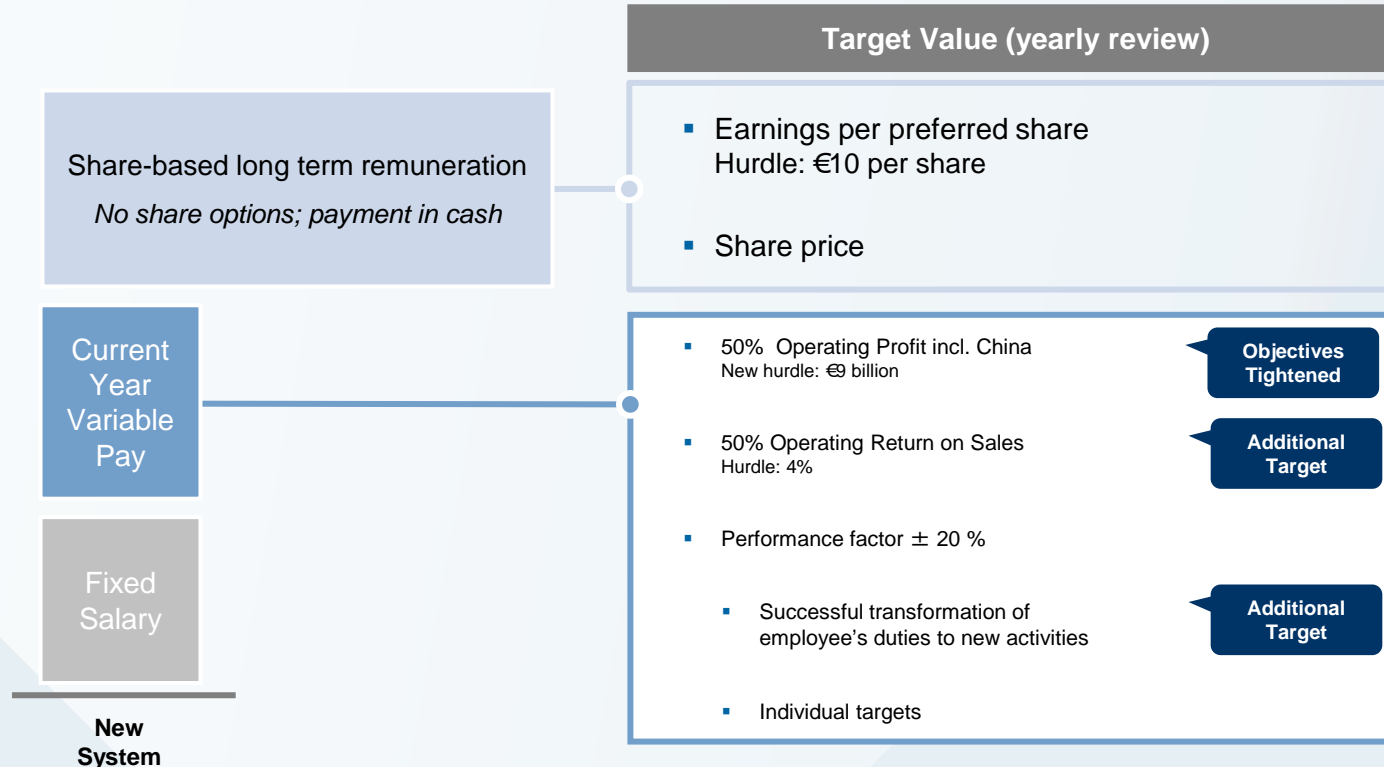
New remuneration system for the Board of Management 2017

Functionality of determining the annual bonus amount



* Cap of 180% arises from 150% of the maximum financial target achievement and a performance factor up to a maximum of 1.2

Target Values take into account Shareholder and Employee interests



The annual bonus is based on the Operating Profit incl. China and the Return on Sales; the payment amount is adjusted by a performance factor

Annual bonus

Old design	Operating result (OP) incl. China	KPIs	Operating profit (OP) incl. China Operating return on sales (RoS)	New design
	Two years	Performance period	One year	
	Direct participation above a certain OP-threshold value (€5bn)	Performance measurement	50 % direct participation above a certain OP threshold value (€9bn) 50 % strategic target return above a certain threshold return (4%)	
	0% to 50% of special remuneration Discretionary assessment Additive linkage	Individual performance bonus/performance factor	Factor 0.8 to 1.2 Discretionary, criteria-based assessment Multiplicative linkage	

The Performance Share Plan ensures an orientation towards a sustainable corporate development

Performance Share Plan

Old design	Multiple-year bonus	Plan type	(Virtual) Performance Share Plan	New design
	Top customer satisfaction, top employer, sales volume, Profit before Tax return	Key performance indicators	Earnings per share (EPS)	
	4 sub-indices with a total of 10 indicators, threshold: 1.5 % return on sales	Calibration/calculation	€10 EPS = 50 % of shares €20 EPS = 100 % of shares €30 EPS = 150 % of shares	
	Four years backward-looking	Performance period	Three years forward-looking	

The payout amount depends on the development of the share price and the EPS target achievement

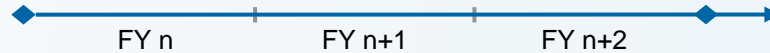
Performance Share Plan

Functionality: virtual shares granted; quantity changes depending on the EPS-target achievement

Grant



Performance period



Payout



- Conversion of contractually defined target value in virtual preferred shares based on the share price at grant
- Share price at grant is defined as the average closing price of the last 30 trading days before the grant
- Target definition for EPS (100 % target achievement at an EPS of €20)

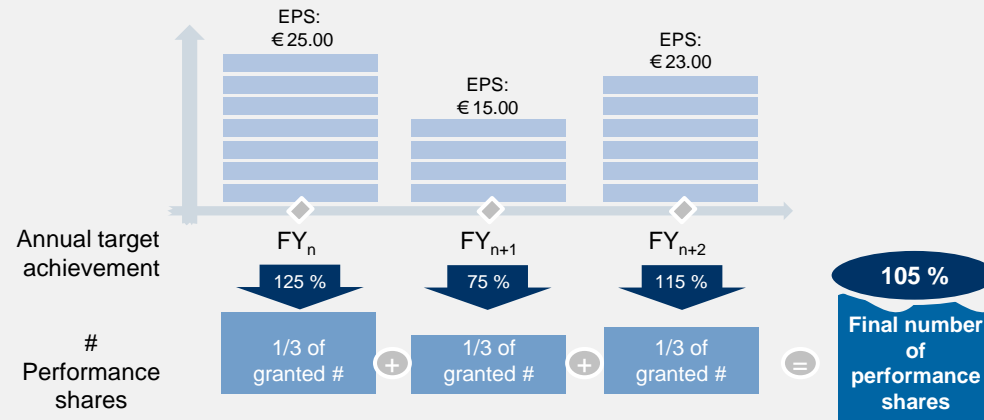
Performance measurement

- **Value of shares** changes based on the share price development
- **Number of shares** changes based on the EPS target achievement (annual “lock-in”)

- Determination of the final number of virtual shares based on the target achievement
- Determination of the closing price (equal to the average closing price of the last 30 trading days before the end of the performance period)
- Payout in cash incl. dividend equivalents for the final number of shares
- Caps: 150 % target achievement, max. payout of 200 % of target value

Achievement of the EPS objective is measured annually over the three-year term of the tranches

Measurement of EPS objective: annual measurement over 3 years



- Annual EPS performance measurement for 1/3 of the respective virtual performance shares granted
- Incentive effect throughout the plan term

Volkswagen T-Roc



Volkswagen I.D.BUZZ



AUDI Q5



Porsche 718 Boxster



ŠKODA KODIAQ



SEAT Ibiza



Bentley Bentayga



Lamborghini Centenario



Bugatti Chiron



Volkswagen Crafter





VOLKSWAGEN
AKTIENGESELLSCHAFT

**We are
redefining
mobility.**

Volkswagen Group

Frank Witter

Chief Financial Officer

Investor Roadshow with Exane BNP Paribas, London, 22nd September 2017