13 November 2018

VOLKSWAGEN

Volkswagen International Finance N.V.
(public limited liability corporation (*naamloze vennootschap*) under the laws of The Netherlands, having its corporate domicile in Amsterdam, The Netherlands)

€ 1,250,000,000 Floating Rate Notes due 2024

Issue Price: 100.000 per cent.

€ 750,000,000 2.625 per cent. Notes due 2027

Issue Price: 99.376 per cent.

€ 1,000,000,000 3.250 per cent. Notes due 2030

Issue Price: 99.296 per cent.

€ 1,250,000,000 4.125 per cent. Notes due 2038

Issue Price: 99.558 per cent.

£ 350,000,000 3.375 per cent. Notes due 2026

Issue Price: 99.377 per cent.

£ 450,000,000 4.125 per cent. Notes due 2031

Issue Price: 99.469 per cent.

each unconditionally and irrevocably guaranteed by

Volkswagen Aktiengesellschaft
(a stock corporation (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany, having its corporate domicile in Wolfsburg, Federal Republic of Germany)

Volkswagen International Finance N.V. (the "**Issuer**") will issue on 16 November 2018 (the "**Issue Date**") EUR 1,250,000,000 floating rate Notes due 2024 (the "**2024 Notes**" or "**Floating Rate Notes**"), EUR 750,000,000 2.625 per cent. Notes due 2027 (the "**2027 Notes**"), EUR 1,000,000,000 3.250 per cent. Notes due 2030 (the "**2030 Notes**"), EUR 1,250,000,000 4.125 per cent. Notes due 2038 (the "**2038 Notes**", and together with the 2027 Notes and the 2030 Notes, the "**Euro Notes**"), GBP 350,000,000 3.375 per cent. Notes due 2026 (the "**2026 Notes**") and GBP 450,000,000 4.125 per cent. Notes due 2031 (the "**2031 Notes**", and together with the 2026 Notes, the "**Sterling Notes**", and together with the Euro Notes, the "**Fixed Rate Notes**" and, together with the Floating Rate Notes, the "**Notes**") under the unconditional and irrevocable guarantee (the "**Guarantee**") of Volkswagen Aktiengesellschaft (the "**Guarantor**" or "**Volkswagen AG**"). The 2024 Notes will be redeemed at par on 16 November 2024, the 2027 Notes will be redeemed at par on 16 November 2027, the 2030 Notes will be redeemed at par on 18 November 2030, the 2038 Notes will be redeemed at par on 16 November 2038, the 2026 Notes will be redeemed at par on 16 November 2026 and the 2031 Notes will be redeemed at par on 17 November 2031. The 2024 Notes will bear interest from and including the Issue Date to, but excluding, 16 November 2024 at a floating interest rate payable quarterly in arrears on 16 February, 16 May, 16 August and 16 November in each year, commencing on 16 February 2019. The 2027 Notes will bear interest from and including the Issue Date to, but excluding, 16 November 2027 at a rate of 2.625 per cent. *per annum*, payable annually in arrears on 16 November in each year, commencing on 16 November 2019. The 2030 Notes will bear interest from and including the Issue Date to, but excluding, 18 November 2030 at a rate of 3.250 per cent. *per annum*, payable annually in arrears on 18 November in each year, commencing on 18

November 2019 (long first coupon). The 2038 Notes will bear interest from and including the Issue Date to, but excluding, 16 November 2038 at a rate of 4.125 per cent. *per annum*, payable annually in arrears on 16 November in each year, commencing on 16 November, 2019. The 2026 Notes will bear interest from and including the Issue Date to, but excluding, 16 November 2026 at a rate of 3.375 per cent. *per annum*, payable annually in arrears on 16 November in each year, commencing on 16 November 2019. The 2031 Notes will bear interest from and including the Issue Date to, but excluding, 17 November 2031 at a rate of 4.125 per cent. *per annum*, payable annually in arrears on 17 November in each year, commencing on 17 November 2019 (long first coupon).

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended from time to time (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Luxembourg law relating to prospectuses for securities, as amended (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières* – the "**Prospectus Law**"), which implements the Prospectus Directive into Luxembourg law.

Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments, as amended.

The Floating Rate Notes and the Euro Notes are issued in bearer form with a denomination of € 100,000 each. The Sterling Notes are issued in bearer form with a denomination of £100,000 each.

Joint Lead Managers

BNP PARIBAS	**Deutsche Bank**	**Goldman Sachs International**	**MUFG**	**RBC Capital Markets**

GENERAL INFORMATION

RESPONSIBILITY STATEMENT

Each of Volkswagen International Finance N.V. (the "**Issuer**" or "**VIF**") with its corporate domicile in Amsterdam, The Netherlands, and Volkswagen Aktiengesellschaft (the "**Guarantor**" or "**Volkswagen AG**" and, together with its direct and indirect subsidiaries and joint ventures at the date of this Prospectus, "**Volkswagen**" or the "**Volkswagen Group**") having its corporate domicile in Wolfsburg, Germany, accepts responsibility for the information contained in and incorporated by reference into this Prospectus including the English language translations of the Conditions of Issue and the Guarantee and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

Each of the Issuer and the Guarantor further confirms that (i) this Prospectus contains all information with respect to the Issuer as well as to the Guarantor and their respective subsidiaries and affiliates and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer, the Guarantor and the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Guarantor and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Guarantor and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Guarantor or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

As per Article 7(7) of the Prospectus Law, the CSSF gives no undertaking as to the economic and financial soundness of the issue of the Notes and the quality or solvency of the Issuer.

NOTICE

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or BNP Paribas, Deutsche Bank AG, London Branch, Goldman Sachs International, MUFG Securities EMEA plc or RBC Europe Limited (together, the "**Joint Lead Managers**" or the "**Managers**"). Neither the delivery of this Prospectus nor any offering or sale of any Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor or any of its affiliates since the date of this Prospectus, or that the information herein is correct at any time since its date.

This Prospectus contains certain forward-looking statements, in particular statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the captions "Volkswagen Aktiengesellschaft as Guarantor" and "Volkswagen International Finance N.V. as Issuer" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, potential synergies to be realised in connection with potential acquisitions, plans and expectations regarding developments in the business of the Issuer, the Guarantor and the Volkswagen Group. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer and the Guarantor, to be materially different from or worse than those expressed or implied by these forward-looking statements. Neither the Issuer nor the Guarantor assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference.

To the fullest extent permitted by law, neither the Joint Lead Managers nor any other person mentioned in this Prospectus, except for the Issuer and the Guarantor, is responsible for the

information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and of the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Guarantor or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Notes offered hereby and does not constitute an offer to sell or a solicitation of an offer to buy any Notes offered hereby to any person in any jurisdiction in which it is unlawful to make any such offer or solicitation to such person.

The offer, sale and delivery of the Notes and the Guarantee and the distribution of this Prospectus in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, the Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes and the Guarantee may not be offered, sold or delivered within the United States of America (the "**United States**") or to U.S. persons. For a further description of certain restrictions on offerings and sales of the Notes and the Guarantee and distribution of this Prospectus (or of any part thereof) see "Selling Restrictions."

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

In this Prospectus all references to "**€**", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended, all references to "**£**", "**GBP**" or "**Pounds Sterling**" are to the lawful currency for the time being of the United Kingdom and Northern Ireland, all references to "**U.S.$**" or "**USD**" are to United States dollars.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. The targeted investors are expected to have (1) at least advanced knowledge and/or experience with financial products, (2) in case of the Fixed Rate Notes the ability to bear losses resulting from interest rate changes and no capital loss bearing capacity if held to maturity and in case of Floating Rate Notes no capital loss bearing

capacity if held to maturity, (3) a low risk profile, (4) a return profile preservation, growth and/or income as investment objective, and (5) a long term investment horizon.

Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC ("**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

BENCHMARK REGULATION

Interest amounts payable under the Notes may be calculated by reference to EURIBOR, which is currently provided by the European Money Market Institute ("**EMMI**"). As at the date of this Prospectus, EMMI does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**"). As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmark Regulation apply, such that EMMI is not currently required to obtain authorization or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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1. RISK FACTORS

Prospective investors should carefully review the following risk factors in conjunction with the other information contained in this Prospectus before making an investment in the Notes. If these risks materialize, individually or together with other circumstances, they may have a material adverse effect on Volkswagen's business, results of operations and financial condition. The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer and the Guarantor may be unable to fulfill their respective obligations under the Notes and the Guarantee for reasons other than those described below. Additional risks not currently known to the Issuer or the Guarantor or that they currently believe are immaterial may also adversely affect Volkswagen's business, results of operations and financial condition. Should any of these risks materialize, the trading price of the Notes could decline, the Issuer and the Guarantor may not be able to fulfill their respective obligations under the Notes and the Guarantee, and investors could lose all or a part of their investment. The order in which the individual risks are presented does not provide an indication of the likelihood of their occurrence nor of the severity or significance of the individual risks.

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective purchaser may not rely on the Issuer, the Guarantor, the Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

1.1 Risk Factors regarding Volkswagen Aktiengesellschaft and Volkswagen Group

1.1.1 *Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities.*

On September 18, 2015, the U.S. Environmental Protection Agency ("**EPA**") publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide ("**NOx**") emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the United States. In this context, Volkswagen AG announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around eleven million vehicles worldwide with type EA 189 diesel engines (2.0 liter and 3.0 liter four-cylinder engines). On November 2, 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in U.S. vehicles with Generation 1 and Generation 2 six-cylinder (V6) 3.0 l diesel engines.

Numerous court and governmental proceedings were subsequently initiated in the United States, Canada (which has the same NOx emissions limits as the U.S.), Germany and the rest of the world. Volkswagen was able to end many significant court and governmental proceedings in the United States by concluding settlement agreements. Outside the United States, Volkswagen also reached agreements with regard to the implementation of technical measures with numerous authorities. Alongside the U.S. and Canadian proceedings, the evolution of which is discussed in more detail below, there are ongoing criminal, administrative, investor and consumer and/or product-related proceedings in relation to the diesel issue in Germany and other countries.

In the United States, Volkswagen AG, AUDI AG, Volkswagen Group of America, Inc. and certain affiliates reached settlement agreements with (i) the U.S. Department of Justice ("**DoJ**") on behalf of the EPA and the State of California on behalf of the California Air Resources Board ("**CARB**")

and the California Attorney General, (ii) the U.S. Federal Trade Commission, and (iii) private plaintiffs represented by a Plaintiffs' Steering Committee in a multi-district litigation in California. The settlement agreements resolved certain civil claims made in relation to affected diesel vehicles in the United States. Depending on the type of diesel engine, under the settlement agreements Volkswagen provides for, inter alia, free emissions modification of vehicles, buy-backs/trade-ins or early lease terminations. Volkswagen will also make cash payments to affected current owners or lessees as well as certain former owners or lessees. Several thousand consumers have opted out of the settlement agreements, and many of these consumers have filed civil lawsuits seeking monetary damages for fraud and violations of state consumer protection acts.

Volkswagen AG has also entered into agreements to resolve U.S. federal criminal liability relating to the diesel issue and to resolve civil penalties and injunctive relief under the Clean Air Act and other civil claims relating to the diesel issue. As part of its plea agreement, Volkswagen AG has pleaded guilty to three felony counts under United States law – including conspiracy to commit fraud, obstruction of justice and using false statements to import cars into the United States – and has been sentenced to three years' probation. DoJ investigations into the conduct of various individuals who may be responsible for criminal violations relating to the diesel issue remain ongoing. Volkswagen is required to cooperate with these investigations. In the event of non-compliance with the terms of the plea agreement, Volkswagen could face further penalties and prosecution. Volkswagen has also reached separate settlement agreements with the attorneys general of most U.S. states to resolve existing or potential consumer protection, unfair trade practices claims, and/or state environmental law claims. Certain states still have pending consumer protection, unfair trade practices and state environmental law claims against Volkswagen.

Investigations by various U.S. regulatory and other government authorities, including in areas relating to securities, tax and financing, are ongoing. For example, the U.S. Securities and Exchange Commission (the "**SEC**") has requested information regarding potential violations of securities laws in connection with issuances of bonds and asset-backed securities sponsored by Volkswagen entities, as a result of nondisclosure of certain Volkswagen diesel vehicles' noncompliance with U.S. emission standards. In January 2017, the SEC informed Volkswagen that it had issued a formal order of investigation; the investigation is ongoing, and the SEC could bring an enforcement action against Volkswagen arising out of this investigation.

In Canada, which has the same NOx emissions limits as the United States, civil consumer claims and regulatory investigations have been initiated for vehicles with 2.0 liter and 3.0 liter diesel engines. Volkswagen reached settlements in Canada with consumers relating to 2.0 l and 3.0 l diesel vehicles, in December 2016 and January 2018, respectively, which, *inter alia*, provide for cash payments, free vehicle emissions modification, buy-backs/trade-ins and lease terminations, as applicable. Also, concurrent with the timing of the consumer settlements, Volkswagen Group Canada agreed with the Commissioner of Competition in Canada to a civil resolution of its regulatory inquiries into consumer protection issues as to 2.0 l and 3.0 l diesel vehicles. As to pending matters in Canada, a criminal enforcement related investigation by the federal environmental regulator is ongoing as to Volkswagen AG and Volkswagen Group Canada. Additionally, in the case of one provincial environmental regulator in Canada, Volkswagen AG was charged in September 2017 with a quasi-criminal offense alleging that the company caused or permitted the operation of model year 2010-2014 Volkswagen and Audi 2.0 l diesel vehicles that did not comply with prescribed emission standards. This matter has been postponed to a December 5, 2018 case conference, pending ongoing evidence disclosure. No trial date has been set in the matter. On September 17, 2018, Volkswagen, Audi and certain affiliates sought leave to appeal to the Canadian Supreme Court further to a decision by the Quebec provincial court on January 24, 2018, authorizing an environmental class action seeking to assess whether punitive damages could be recovered. Moreover, putative class action and joinder lawsuits by consumers remain pending in certain provincial courts in Canada.

In addition to the 2.0 l and 3.0 l proceedings, since November 2016, Volkswagen has been responding to information requests from the EPA and CARB related to automatic transmissions in certain vehicles. In addition, approximately fourteen putative class actions have been filed against AUDI and certain affiliates alleging that defendants concealed the existence of these "defeat devices" in Audi brand vehicles with automatic transmissions. On December 22, 2017, a

mass action on behalf of approximately 75 individual plaintiffs was filed in a California state court alleging similar claims with respect to the existence of "defeat devices" in Audi brand vehicles with automatic transmissions. In Canada, two similar putative class actions have been filed in Ontario and Quebec provincial courts against Audi AG, Volkswagen AG and U.S. and Canadian affiliates. Both the Canadian actions are in the pre-certification stage.

In addition to the above-described U.S. and Canadian proceedings, criminal investigations/misdemeanor proceedings have been opened in Germany (for example, by the public prosecutor's offices in Braunschweig and Munich) and other countries. Some of these proceedings have been terminated, with the authorities issuing administrative notices imposing fines on Volkswagen Group companies.

The public prosecutor's office in Braunschweig has also initiated investigations against one current and two former Volkswagen AG Board of Management members regarding their possible involvement in potential market manipulation in connection with the diesel issue. In July 2018, the public prosecutor's office in Braunschweig formally opened a misdemeanor proceeding in this regard against Volkswagen AG. The Stuttgart public prosecutor's office also confirmed that it is investigating, among others, the former CEO of Volkswagen AG in his capacity as member of the management board of Porsche SE, regarding his possible involvement in potential market manipulation in connection with this same issue. Moreover, the Stuttgart public prosecutor's office has commenced a criminal investigation into the diesel issue against one board member and two employees of Porsche AG on suspicion of fraud and illegal advertising. Furthermore, the public prosecutor's office in Munich II is investigating certain current and former employees in connection with the alleged anomalies in the NOx emissions of certain Audi vehicles with diesel engines in the United States and Europe, among others against the former CEO of AUDI AG, who is also a former member of Volkswagen AG's Board of Management.

In addition, in May 2018, U.S. federal prosecutors unsealed charges in Detroit against, among others, former Volkswagen CEO Martin Winterkorn, which had been filed under seal in March 2018. Mr. Winterkorn is charged with a conspiracy to defraud the United States, to commit wire fraud, and to violate the Clean Air Act from at least May 2006 through at least November 2015, as well as three counts of wire fraud. Should these investigations result in adverse findings against the individuals involved, this could have a negative impact on the outcome of other proceedings against Volkswagen and/or could have other material adverse financial consequences.

There are additional regulatory, criminal and/or civil proceedings in several jurisdictions worldwide, particularly in South Korea, but also including Andorra, Argentina, Austria, Australia, Belgium, Brazil, Chile, China, Czech Republic, France, Greece, India, Ireland, Israel, Italy, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovenia, South Africa, Spain, Switzerland, Taiwan, Turkey and the United Kingdom. Further claims can be expected.

Customers, consumer associations and/or environmental associations in the affected markets have filed civil lawsuits against Volkswagen AG, other Volkswagen Group companies and non-Volkswagen Group importers and dealers involved in the sales process. In addition, it is possible that importers and dealers could assert claims against Volkswagen, for example through recourse claims. Further lawsuits are possible. Product related class action, collective or mass proceedings against Volkswagen AG and other Volkswagen Group companies are pending in various countries such as Argentina, Australia, Austria, Belgium, Brazil, China, the Czech Republic, Germany, Israel, Italy, Mexico, the Netherlands, Poland, Portugal, South Africa, South Korea, Spain, Switzerland, Taiwan and the United Kingdom. These proceedings are lawsuits aimed among other things at asserting damages, rescission of the purchase contracts or, as is the case in the Netherlands, at a declaratory judgment that customers are entitled to damages. Most of these proceedings – with the exception of Brazil, where there has already been a non-binding judgment in the first instance – are in the early stages and it is difficult to assess their prospects of success, the allegations and the claimants' precise causes of action or to quantify the exposure. However, should these actions be resolved in favor of the claimants, they could result in significant civil damages, fines, the imposition of penalties, sanctions, injunctions and other consequences.

Moreover, private and institutional investors from Germany and other jurisdictions (including the U.S. and Canada) are pursuing claims seeking significant damages against Volkswagen AG for allegedly omitting or delaying the immediate publication of price sensitive insider information

relating to the diesel issue and making wrongful financial reporting or false or misleading statements, as well as, in some cases, alleging tort and prospectus liability claims. The claims relate to Volkswagen AG's shares and other securities, including bonds, issued by Volkswagen Group companies, as well as third-party securities.

In Germany, as of the date of this Prospectus, approximately 3,800 actions (including conciliatory proceedings, legal default actions and registrations of claims pursuant to the German Capital Markets Model Case Act (*Kapitalanleger-Musterverfahrensgesetz* — "**KapMuG**") have been served on Volkswagen AG. Currently, the actions still pending have an overall dispute value totaling around EUR 9 billion. Almost the entire volume is currently pending in approximately 1,600 lawsuits at the District Court (*Landgericht*) in Braunschweig. On August 5, 2016, the Braunschweig District Court ordered that common questions of law and fact relevant to the lawsuits pending at the Braunschweig District Court be referred to the Higher Regional Court (*Oberlandesgericht*) in Braunschweig for a binding declaratory decision pursuant to the KapMuG, which establishes a procedure for consolidated adjudication in a higher regional court of legal and factual questions common to numerous securities actions. In this proceeding, common questions of law and fact relevant to these actions shall be adjudicated in a consolidated manner by the Higher Regional Court in Braunschweig. All lawsuits at the Braunschweig District Court will be stayed pending resolution of the common issues, unless they can be dismissed for reasons independent of the common issues that are adjudicated in the model case proceedings. The resolution of the common issues in the model case proceedings will be binding on all pending cases in the stayed lawsuits. The model case proceedings oral hearings began in September 2018.

In Canada, a class action filed in Quebec provincial court has been authorized as to claims relating to Volkswagen AG's shares and American Depositary Receipts ("**ADRs**"), and a similar class action was also filed in the Province of Ontario. On August 15, 2018, the Ontario proceeding was dismissed by the Ontario court. An appeal from this Ontario court ruling was noticed on September 14, 2018. Further investor claims could be brought.

Volkswagen is working intensively to eliminate the emissions level deviations through technical improvements and is cooperating with the relevant agencies. A final decision has not been made regarding all necessary technical remedies for the affected vehicles. In particular, Volkswagen is continuing discussions with the EPA and the CARB concerning technical solutions for the U.S. (and, by extension, Canadian) market. The buyback/retrofit program for vehicles in the United States, which is part of the settlements in North America, is proving to be more technically complex and time consuming than anticipated.

Since 2016, AUDI AG has been checking all diesel concepts for possible discrepancies and retrofit potentials. A systematic review process for all engine and gear variants has been underway. On July 21, 2017, AUDI AG offered a software-based retrofit program for up to 850,000 vehicles with V6 and V8 TDI engines meeting the Euro 5 and Euro 6 emission standards in Europe and other markets except the United States and Canada. This will be done in close cooperation with the authorities, especially the German Federal Ministry of Transport and the German Federal Motor Transport Authority (*Kraftfahrt-Bundesamt*, the "**KBA**"). The retrofit package comprises voluntary measures and, to a small extent, measures directed by the authorities; these are measures which were proposed by AUDI AG itself, reported to and taken up by the KBA and formally ordered by the latter. The tests for the voluntary measures and those which have been formally ordered have already reached an advanced stage but have not yet been completed. Therefore, additional measures cannot be excluded. The measures formally ordered by the KBA so far involved different models of the AUDI, Volkswagen and Porsche brand with a V6 or V8 TDI engine meeting the Euro 6 emission standard, for which the KBA categorized certain emission strategies as an unlawful defeat device. Should additional measures become necessary as a result of the investigations by AUDI AG and the consultations with the KBA, AUDI AG will implement these as part of or in addition to the retrofit program. This is the case for a software update for 83,000 Audi A6 and A7 models worldwide with 3.0 liter TDI Generation 2evo engines for which measures have been formally ordered by the KBA. Furthermore on April 4, 2018, the Korean Ministry of Environment has ordered a recall after it has categorized (i) certain emissions strategies in the engine control software of various AUDI, Volkswagen and Porsche brand diesel vehicles with a V6 or V8 engine and the Euro 6 emissions classification, and (ii) the Dynamic Shift Program (DSP) in the gearbox control in some AUDI vehicle models, as prohibited defeat devices.

In addition, AUDI is responding to requests from the U.S. authorities for information regarding automatic gearboxes in certain vehicles. Further field measures with financial consequences can therefore not be ruled out completely at this time.

Volkswagen may be required to repurchase vehicles sold in the United States, Canada and elsewhere. This could lead to further significant costs. Furthermore, if the technical solutions implemented by Volkswagen in order to rectify the diesel issue are not implemented in a timely or effective manner or have an undisclosed negative effect on the performance, fuel consumption or resale value of the affected vehicles, regulatory proceedings and/or customer claims for damages could be brought in the future.

The Volkswagen Group recognized expenses directly related to the diesel issue in the total amount of €16.2 billion in operating result in 2015. Additional expenses of €6.4 billion were recognized in 2016 in connection with the diesel issue. In 2017, additional expenses amounted to €3.2 billion, driven primarily by higher expenses for buy-back/retrofit programs for 2.0 and 3.0 l TDI vehicles in North America as well as higher legal risks. An additional expense of €2.4 billion directly related to the diesel issue was recognized in the first nine months of 2018. This expense was mainly attributable to the fines resulting from the final administrative orders issued by the Braunschweig public prosecutor's office (€1.0 billion) and the Munich II public prosecutor's office (€0.8 billion), and to higher legal defense costs.

Contingent liabilities were disclosed in relation to the diesel issue in 2017 in the aggregate amount of €4.3 billion (2016: €3.2 billion), of which lawsuits filed by investors account for €3.4 billion (2016: €3.1 billion). Also included are certain elements of the class action lawsuits relating to the diesel issue as well as criminal proceedings/misdemeanor proceedings as far as these can be quantified. As some of these proceedings are still at a very early stage, the plaintiffs have in a number of cases so far not specified the basis of their claims and/or there is insufficient certainty about the number of plaintiffs or the amounts being claimed. As of September 30, 2018, there were no material changes to the contingent liabilities compared with 2017.

Evaluating known information and making reliable estimates for provisions is a continuous process. Estimating provisions and contingent liabilities and assessing additional legal risks is subject to great uncertainty due to the ongoing nature of the extensive investigations and proceedings, the risk of new or expanded proceedings, and the complexities of the various negotiations and continuing regulatory approval processes with the relevant authorities. Furthermore, new information not known to Volkswagen's Board of Management at present may surface, requiring further revaluation of the amounts estimated. Considerable further financial charges may be incurred, and further substantial provisions may be necessary as the issues and legal risks, fines and penalties crystallize.

In addition to ongoing, extensive investigations by governmental authorities in various jurisdictions worldwide (the most significant of which are in Europe, the United States and South Korea), further investigations (including in relation to areas carved out of the plea agreement with the U.S. authorities, such as tax and securities laws) could be launched in the future and existing investigations could be expanded. Furthermore, there could be pending or threatened claims against the Volkswagen Group of which Volkswagen's management is not yet aware. Ongoing and future investigations may result in further legal actions being taken against Volkswagen or some of its employees. These actions could include the following: additional assessments of substantial criminal and civil fines as well as forfeiture of gains; the imposition of penalties, sanctions, injunctions against future conduct; the loss of vehicle type certifications; and sales stops and business restrictions. The timing of the release of new information on the investigations and the maximum amount of penalties that may be imposed cannot be reliably determined at present. New information may arise at any time, including after the offer, sale and delivery of the Notes.

Any of the above-described negative developments could result in substantial additional costs and have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as on the prices of its securities and its capability to make payments under its securities, including the Notes.

Moreover, the issues described above have caused or could cause the following effects:

- damage to Volkswagen's reputation or brand image and impairment of Volkswagen's relationship with customers, dealers, suppliers, other important business partners, employees and investors, which could be exacerbated by negative publicity and perception that Volkswagen is insufficiently communicating these developments;

- lower sales, sales prices and margins and higher marketing and sales expenses for new and used Volkswagen Group vehicles, including the cost of Volkswagen having to perform inspections of vehicles free of charge which could have an adverse impact on Volkswagen's ability to compete, as a result of which Volkswagen could lose significant sales revenue;

- higher product inventories, which could increase working capital requirements;

- an adverse impact on Volkswagen's ability to pursue its strategic goals;

- an impairment of Volkswagen's ability to obtain financing required to maintain its operations, rendering Volkswagen's funding sources less efficient and more costly. Volkswagen's credit ratings have been downgraded in the wake of these findings and could be subject to further downgrades, see "*Financial Risks—Volkswagen may not succeed in refinancing its capital requirements in due time and to the extent necessary, or at all. There is also a risk that Volkswagen may refinance on unfavorable terms and conditions*";

- an early redemption of asset-backed securities with respect to which Volkswagen Group vehicles with diesel engines serve as collateral;

- Volkswagen's having to dispose of certain assets, brands, subsidiaries or investments at prices below their fair market value in order to cover emissions-related financial liabilities, especially if the timing of any emissions-related payments leads to constraints on Volkswagen's cash flows; and

- an erosion of Volkswagen's competitive position due to reduced investments.

The majority of the governmental investigations and proceedings as well as the third-party litigation are incomplete at this time. These proceedings could take an extended period of time to resolve, and Volkswagen cannot predict when they will be completed or what their outcomes will be, including the potential effect that their results or the reactions of third parties thereto may have on Volkswagen's business. Future developments in these investigations and proceedings, the need to respond to the requests of governmental authorities and private plaintiffs, and the need to cooperate in these proceedings, especially if Volkswagen is not able to resolve these matters in a timely manner, could divert management's attention and resources from other issues facing Volkswagen's business.

The results of these and any future investigations and claims may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as on the prices of its securities and its ability to make payments under its securities and may result in a negative net cash flow. If Volkswagen's efforts to address, manage and remediate the issues described above are not successful, Volkswagen's business, reputation and competitive position could suffer substantial and irreparable harm. Additionally, the emissions issue could affect or exacerbate the impact of the other risks Volkswagen faces as described in this Prospectus.

1.1.2 ***The diesel issue led to a review and ongoing reforms of Volkswagen's internal controls, compliance function and company culture. If these reforms are not completed and future material compliance failures occur, Volkswagen could be exposed to significant adverse consequences.***

In the wake of the diesel issue and in accordance with the settlement agreements between Volkswagen and the U.S. government, Volkswagen has initiated programs and projects to enhance its internal controls, procedures and compliance systems to strengthen its culture of

integrity and accountability. Behaving with integrity is a prerequisite for Volkswagen's future commercial success.

Among other things, Volkswagen's efforts include improvements of internal controls for its product development process and the testing of vehicles, reforms of its whistleblower system, revisions to its code of conduct, increased employee training, improvements to its risk assessment systems, and creation of a centralized integrity management function by setting up a new Board of Management position for Integrity and Legal Affairs. The so-called Golden Rules (internal procedures developed to optimize Volkswagen's operational internal control system) set forth certain minimum requirements for engine control unit software development, emission certification and escalation management. In addition, pursuant to the settlement agreements with the U.S. authorities, Volkswagen is required to retain for a three-year period an external independent compliance monitor/compliance auditor to review and audit Volkswagen's compliance with its obligations under the settlement agreements. Larry D. Thompson was appointed as the independent monitor in April 2017. Mr. Thompson submitted his initial review report under the plea agreement in March 2018. Additionally on August 17, 2018, Mr. Thompson submitted his first annual report pursuant to the third partial consent decrees entered into the DoJ and the EPA as well as the state of California and CARB. Volkswagen is working to address the recommendations set forth in Mr. Thompson's reports.

The goal of these measures is to reinforce Volkswagen's governance and compliance to help deter and prevent future misconduct. Nevertheless, there remains a risk that Volkswagen fails to effectively implement the revised rules and procedures and that employees do not comply with them or otherwise fail to act in a lawful manner at all times. This could lead to penalties, liabilities, reputational damage and materially adverse business consequences. In addition, violations of Volkswagen's obligations under the settlement agreements cannot be ruled out. In this case, significant penalties could be imposed as stipulated in the agreements, in addition to the possibility of further monetary fines, criminal sanctions and injunctive relief.

1.1.3 *Demand for Volkswagen's products and services depends upon the overall economic situation, which in turn can be impacted by market volatility, macroeconomic trends, protectionist tendencies and other risks.*

The sales volume of Volkswagen's products and services depends upon the general global economic situation. Economic growth and developments in some industrialized countries and emerging markets have been endangered by volatility in the financial markets and structural deficits in recent years. In particular, high levels of public and private debt, movements in major currencies, volatile commodity prices as well as political and economic uncertainty negatively impacted consumption, damaging the macroeconomic environment.

Additional risks to the economic environment, international trade and demand for Volkswagen's products could arise from rising protectionist tendencies and the introduction of tariff and non-tariff barriers. For example, the United Kingdom's planned exit from membership in the European Union or a reorientation of the United States economic policy and, as a consequence, any introduction of regional or international trade barriers, including customs duties, changes in taxation which have similar effects, or withdrawal from or renegotiation of multilateral trade agreements, such as the North American Free Trade Agreement (NAFTA), could adversely impact Volkswagen's business and results of operations. The U.S. administration is also evaluating the imposition of a 25% tariff on cars imported from Europe. Should import tariffs on foreign vehicles be imposed, Volkswagen's sales to the United States could be adversely affected. Any retaliatory measures by regional or global trading partners could slow down global economic growth and have an adverse impact on Volkswagen's business activities, net assets, financial position and results of operations.

Furthermore, escalation of conflicts, armed conflicts, terrorist activities, natural catastrophes or the spread of infectious diseases may lead to prompt unexpected, short-term responses from the markets and declines in demand for Volkswagen's products and services. Stagnating economic growth or declines in countries and regions that are major economic centers have an immediate effect on the global economy and thus pose a key risk for Volkswagen's businesses.

Automobile manufacturers generally have the ability to respond to declines in demand by cutting back investments and production in negatively affected regions and by reducing working hours and implementing sales promotions. Excess capacities in worldwide automobile production could still occur, which may lead to an increase in inventories thus immobilizing capital. Excess capacities and higher inventories, as well as a decrease in demand for vehicles and genuine parts, could cause automobile manufacturers to adjust their capacities or intensify sales promotions, resulting in additional costs and increased price pressures for Volkswagen and its competitors.

However, if demand for vehicles and optional equipment recovers quickly, cut backs in production capacities may lead to supply constraints, which may mean that Volkswagen will not be able to process orders within a reasonable period of time. This may reduce Volkswagen's sales volume compared to competitors who can adjust their production capacities to market demand more quickly. These risks could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.4 ***A decline in retail customers' purchasing power or in corporate customers' financial situation and willingness to invest could significantly adversely affect Volkswagen's business.***

Demand for vehicles for personal use generally depends on consumers' net purchasing power and their confidence in future economic developments, while demand for vehicles for commercial use by corporate customers (including fleet customers) primarily depends on the customers' financial condition, their willingness to invest (which is affected by expected future business prospects), available financing, satisfaction with current products, and changes in mobility demand. A decrease in potential customers' disposable income or their financial condition will generally have a negative impact on vehicle sales.

A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment, reduces consumers' willingness to buy. Government intervention, such as tax increases, can have a similar effect. This tends to lead to existing and potential customers refraining from new vehicle purchases or, if the purchases are made, to potentially choose cheaper and less well-equipped vehicles. In other cases, government sales supporting schemes could for a given period encourage customers to make vehicle purchases earlier than originally planned, generating the risk that future revenues will be reduced accordingly. A deteriorating macroeconomic environment may also disproportionately reduce demand for premium vehicles, which have typically been the most profitable segment for Volkswagen Group. It also leads to reluctance by corporate customers to invest in vehicles for commercial use and leased vehicles leading to a postponement of fleet renewal contracts.

To stimulate demand, the automotive industry has offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the automotive industry. As a provider of numerous high-volume models, Volkswagen's profitability and cash flows are significantly affected by the risk of rising competitive and price pressures.

Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in Volkswagen's dealer organization.

1.1.5 ***Changing consumer preferences and governmental regulations with respect to modes of transportation could limit Volkswagen's ability to sell Volkswagen's traditional product lines at current volume levels.***

Many consumers today are more focused on acquiring smaller, more fuel efficient and environmentally friendly vehicles, including hybrid and electric models. The size, performance and accessories features of the passenger cars and light commercial vehicles that Volkswagen sells have an impact on Volkswagen's profitability. As a general rule, larger vehicles in higher vehicle categories with higher engine power contribute more to Volkswagen's earnings than smaller vehicles in lower vehicle categories with lower engine power. It is technically demanding

and cost intensive for Volkswagen to develop engines that are smaller and more efficient, but which maintain the same performance. On the other hand, growing customer interest in sports utility vehicles (SUV) could impact the carbon dioxide ("**CO2**") balance of Volkswagen's fleet and Volkswagen could incur higher costs in meeting the applicable CO2 targets. Volkswagen also faces growing pressure regarding customer demands for enhanced digitalization and automated driving features in addition to increasing regulatory requirements. Implementing such changes involves certain technical challenges as well as increased costs. For competitive reasons Volkswagen may be able to pass these costs on to customers only to a limited extent, if at all, which could affect Volkswagen's profitability.

Private and commercial users are increasingly open to use modes of transportation other than the automobile, especially in connection with growing urbanization. The reasons for this could include rising costs associated with owning a vehicle, increasing traffic density in major cities, attractiveness of alternative mobility solutions and environmental awareness. Environmental concerns in particular are prompting calls for increasing traffic or vehicle restrictions, such as the diesel vehicle bans being contemplated or gradually implemented across various cities or regions, or quotas being set for electric vehicles. There is particular momentum in the debate on the introduction of driving bans for diesel vehicles in Germany. In many places, lawsuits have been filed arguing that only driving bans for diesel vehicles will bring about the necessary short-term reduction in nitrogen dioxide emissions and, in February 2018, a federal court in Germany issued a decision allowing municipalities to enact diesel bans. These debates have already caused sales of diesel vehicles to decline. Local driving bans are already in place in a number of countries, though these mainly affect older vehicles. With a view to the future, large urban areas such as Paris and London are discussing banning vehicles with combustion engines. The move towards more stringent regulations, particularly for conventional drive systems, is accelerating not only in the developed markets of Europe and North America, but also in emerging markets such as China, and shapes consumer preferences. Furthermore, the increased openness to use ride and car sharing concepts and new city-based car rental schemes may reduce dependency on privately owned automobiles altogether or may affect the total cost of ownership such that some customers or potential customers might decide against owning a vehicle. Moreover, transport of goods may shift from trucks to other modes of transport, which could lead to lower demand for Volkswagen's commercial vehicles or could change the customer requirements towards commercial vehicles.

A change in consumer preferences or governmental regulations away from transport by automobile, as well as a trend towards smaller vehicles or vehicles equipped with smaller engines, alternative drivetrains or other technical enhancements could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.6 ***The larger share of Western Europe, particularly Germany, in Volkswagen's sales exposes it to this region's overall economic development and competitive pressures. A decline in consumer demand and investment activity could significantly adversely affect Volkswagen's business. Volkswagen particularly depends on the Audi brand and Porsche brand, which contribute significantly to Volkswagen's profitability and results of operations.***

In 2017, Volkswagen delivered 31.4% of its passenger cars to customers in Western Europe. Also in 2017, 11.3% of Volkswagen's passenger cars were delivered to customers in Germany. A decrease in demand for Volkswagen's products and services in Western Europe, especially in Germany, would have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations. This also applies to the commercial vehicle market, in which demand is particularly dependent on economic developments.

Any signs of economic uncertainty in Europe, including a slowdown in economic growth, large-scale government austerity measures or tax increases, could lead to significant long-term economic weakness. In addition, the decision by the United Kingdom in June 2016 to leave the European Union has had consequences for macroeconomic growth and outlook in the United Kingdom and Europe, affected exchange rates and could negatively impact demand for Volkswagen's products. A decline in consumer demand or in product prices in Western Europe would have a material adverse effect on Volkswagen's business, financial position and results of operations.

In addition, Volkswagen's competitors may increasingly attempt to serve the Western European market with their spare production capacity or new product offers oriented towards European consumers. A further increase in competitive pressures in Western European markets could result in falling prices and decreased demand for Volkswagen's vehicles, which could adversely affect operating margins and cause a loss of market share.

The brand Audi (pre-consolidated sub group) contributed EUR 4,671 million and the brand Porsche (pre-consolidated sub group) contributed EUR 4,003 million (amounts do not include the elimination of intragroup transactions such as intercompany profits and, in the case of Porsche, do not include depreciation and amortization expenses of identifiable assets as part of purchase price allocation on Volkswagen Group level) to Volkswagen's consolidated operating result of EUR 13,818 million in 2017. Therefore, a significant impairment of the brand or business activities of either Audi or Porsche would also have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.7 ***Volkswagen faces strong competition in all markets, which may lead to a significant decline in unit sales or price deterioration.***

The markets in which Volkswagen conducts business are marked by intense competition, and Volkswagen expects competition in the international automotive market to intensify further in the coming years. In previous years, this led to considerable price reductions and increase of incentives offered by individual automobile manufacturers.

Volkswagen expects that the automotive industry will experience significant and continued transformation over the coming years. This will require Volkswagen to be responsive not only to its traditional competitors but also to new industry entrants and evolving trends in mobility. New participants are seeking to disrupt the industry's historic business model through the introduction of new technologies, products or services, new business models or new modes of transportation and car ownership. Competitive pressure will therefore encompass a wider range of competitors, products and services, including those that may be outside Volkswagen's current core business, such as autonomous vehicles, electric vehicles, car sharing concepts and transportation as a service. If Volkswagen does not accurately assess, prepare for and respond to these challenges, its competitive position could erode and harm its business.

Competitive pressure, particularly in the automotive markets in Western Europe, the United States, China, Brazil, India and Russia may further intensify due to cooperation between existing manufacturers or the market entry of new manufacturers, particularly from China, India or Russia, or an expansion of production by existing manufacturers or due to governmental regulations.

Intensified competition could reduce the number of Volkswagen's marketable products and services, as well as the prices and margins Volkswagen can obtain, which would negatively affect Volkswagen's market position and could materially adversely affect Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.8 ***Volkswagen's commercial success depends on Volkswagen's own and its competitors' efforts in Asia, North America, South America and Central and Eastern Europe.***

Volkswagen believes that its future growth will, to a considerable extent, depend on demand for products of the Volkswagen Group from China, India, Brazil, Russia and North America. Accordingly, Volkswagen has increased its investments in these regions and intends to make further investments there in the future. This also applies to Volkswagen's Financial Services Division.

A number of Volkswagen's competitors, in particular major Asian manufacturers, have also considerably expanded their production capacity or are in the process of doing so in these relevant regions. These facilities primarily serve the respective local markets, where demand for automobiles strongly depends on local economic growth.

If local economic growth and demand for Volkswagen's products do not increase as Volkswagen expects or if they weaken, Volkswagen may sell fewer products in these markets or obtain lower

prices than expected. A decline in, or lack of, economic growth in local markets could also lead to significantly intensified price competition, rising inventories and excess production capacity. This could significantly decrease Volkswagen's revenue and income.

Furthermore, due to a lack of economic growth and resulting price competition, Volkswagen may not realize a return on investments in these markets at all or realize it later than planned, which may have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

A continued rise in interest rates in the United States could have a negative impact on economic developments not only in the United States, but also in emerging markets, which have profited recently from capital inflows, as well as other countries. This could result in increased currency pressures on many markets, which may also have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

In particular, Volkswagen's future growth plans significantly depend on the market development in China. Volkswagen operates in the Chinese market mainly through a number of joint ventures. An economic slowdown or new, unfavorable government policies (including ceasing subsidies) — such as regulations setting quotas for new energy vehicles (e.g., battery electric vehicles and plug-in hybrid electric vehicles) — may affect the demand for automobiles. In addition, restrictions on vehicle registrations in metropolitan areas — such as those in effect, for example, in Beijing, Shanghai, Guiyang and Guangzhou — may be extended to other major cities in China. This could have a material adverse effect on Volkswagen's sales in China.

1.1.9 *Strategic risks*

1.1.9.1 *Volkswagen may be unable to implement its strategic objectives, or it may be able to do so only at a higher-than-expected cost and Volkswagen may not reach its medium- and long-term financial goals.*

In 2016, based on the significant changes affecting the automotive sector, Volkswagen initiated a new strategy, "TOGETHER – Strategy 2025", aimed at ensuring that Volkswagen participates in shaping the future of mobility, with a focus on digitalization, electrification and sustainability. This will involve developing further core competencies in additional technologies such as battery technology, digital and autonomous driving, mobility services as well as intensifying the focus on profitable growth. Further, as part of its strategic development, Volkswagen anticipates relying to a greater extent on partnerships and venture capital investments.

Numerous factors, some of which are beyond Volkswagen's control, such as a slowdown in economic growth or deterioration in the business climate in Volkswagen's core markets, weaker development in emerging markets or the occurrence of one or more risks described in this Prospectus, can frustrate implementation of the basic strategic policy and the attainment of the specific goals. If Volkswagen is unable to achieve its strategic goals, in whole or in part, or if the costs associated with the basic strategic policy exceed expectations, this could have a material adverse effect on Volkswagen's reputation, general business activities, net assets, financial position and results of operations. In particular, the attainment of Volkswagen's strategic goals may be frustrated by the diesel issue, as discussed under "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities*."

1.1.10 *Research and development risks*

1.1.10.1 *Volkswagen's future business success depends on its ability to develop new, attractive and energy-efficient products and services and to offer these on competitive terms and conditions.*

Customers are increasingly focusing on lower fuel consumption and exhaust emissions when they make a purchasing decision. Alternative drive technologies (for example electric or hybrid powertrains) are becoming more important both due to growing customer demand for local zero emissions mobility and for compliance with legal requirements. Recently, many car companies are also seeking to develop autonomous driving technology. A significant factor for Volkswagen's future success is its ability to recognize such trends early enough to react accordingly and thus strengthen Volkswagen's position in the existing product and service range and the market segments it already serves, as well as enabling it to expand into new market segments. Volkswagen encounters research and development challenges as its products become more complex and as it introduces new, more environmentally friendly technologies. Primarily due to increasingly stringent emission and consumption regulations, it may have difficulties in achieving stated efficiency targets and fulfilling fleet average targets without loss of quality or decline in profitability.

Volkswagen is accelerating its effort in electric mobility, planning extensive investments – including in battery technology – to expand its electric car model range. This plan entails considerable risk, including uncertainties regarding the widespread adoption of electric vehicles and availability of the necessary charging infrastructure, Volkswagen's technological and organizational capabilities to shift from a traditional car manufacturer into a provider of sustainable mobility, availability of supply of required materials (such as lithium or cobalt) and components (in particular safe and reliable batteries), and ability to build out sufficient capacity to serve the new market with comprehensive products and mobility services. Volkswagen has entered into a variety of cooperative arrangements to research and develop new technologies, particularly for alternative drive and energy source technologies, such as high-performance lithium ion batteries for electric cars. Nevertheless, Volkswagen may not achieve its objectives for electrification of its product range and other future technological advances or may not achieve an acceptable return on investment or profitability at the historical levels in the new market segments.

Volkswagen's competitors or their joint ventures may develop better solutions and be able to manufacture the resulting products more rapidly, in larger quantities, with a higher quality or at a lower cost. This could lead to increased demand for competitors' products and result in a loss of Volkswagen's market share. Furthermore, if Volkswagen's financial condition deteriorates, the capital required for making future investments in research and development may not be readily available.

As a result of the intensity of automotive competition and the pace of technological developments, Volkswagen faces continual pressure to develop new products and improve existing products in shorter time. If Volkswagen miscalculates, delays recognition of, or fails to adapt its products and services to trends, legal and customer requirements in individual markets or other changes in demand, Volkswagen's unit sales could drop. Volkswagen cannot eliminate this risk, even with extensive market research. If Volkswagen makes fundamental or repeated miscalculations over the long term, it could lose customers and the reputation of its affected brands could suffer. Such miscalculations could also lead to unprofitable investments and associated costs.

If Volkswagen encounters potential delays in bringing new vehicle models to market or if customers do not accept Volkswagen's new models, or if the other risks mentioned above occur, this could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.10.2 *Security breaches and other disruptions of Volkswagen's in-vehicle systems could impact the safety of its customers and reduce confidence in Volkswagen's products.*

Volkswagen's vehicles contain increasingly complex IT systems. These systems control various vehicle functions including engine, transmission, safety, steering, navigation, acceleration,

braking, and window and door lock functions. Hackers have reportedly attempted, and may attempt in the future, to gain unauthorized access to modify, alter and use such systems to gain control of, or to change, vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle.

Any unauthorized access to or control of Volkswagen's vehicles or their systems or any loss of data could impact the safety of Volkswagen's customers or result in legal claims or proceedings, liability or regulatory penalties. In addition, regardless of their veracity, reports of unauthorized access to vehicles, their systems or data could negatively affect Volkswagen's brand and reputation, and harm its business, results of operations, financial condition and prospects.

1.1.11 *Procurement risks*

1.1.11.1 ***If Volkswagen encounters a shortage of raw materials or is unable to obtain automotive parts and components from suppliers at a reasonable price or at all, for example, due to a supply bottleneck, particularly within a limited supplier environment, or if Volkswagen's suppliers face increasing economic pressure, Volkswagen's procurement, production, transport and service chains could be interrupted or impaired. As a consequence there could be a general risk of loss of production for the Volkswagen Group.***

Volkswagen's business depends, among other things, on the timely availability of raw materials, automotive parts and components, commodities and other materials. In addition, the smooth flow of Volkswagen's production depends on the quality of the parts, components, commodities and other materials, as well as reliable and timely delivery by suppliers.

Volkswagen generally sources materials, automotive parts and components from several suppliers, however, in some cases, Volkswagen relies on one or a few suppliers for the delivery of certain parts, components and other materials. In these cases, Volkswagen faces the risk of a production downtime if one or more suppliers are unable or unwilling to fulfill delivery obligations. This risk could have a material financial impact on the Volkswagen Group. In addition, quality problems may necessitate technical measures involving a considerable financial outlay where costs cannot be passed on to the supplier or can only be passed on to a limited extent. Although Volkswagen has implemented a thorough evaluation process for suppliers of critical parts (i.e. parts required at high volumes across different brands), risks that suppliers may be unable or unwilling to fulfil delivery obligations persist. This effect may be exacerbated by Volkswagen's increasingly local production, in particular in countries such as Brazil, Russia, India and China, where Volkswagen uses regionally-based suppliers whose ability to deliver may be adversely affected by regional conditions and events. Examples include consolidation of the local supply base in different regions as well as exchange rate fluctuations. The availability of parts from local suppliers in these markets may be at risk and resorting to sources outside these regions could have an adverse impact on production cost due to unfavorable exchange rates and import duties.

If vehicle sales decline significantly, competition in the automotive industry will increase, which could have a significant adverse effect on the financial position of some of Volkswagen's suppliers. As a result, some of Volkswagen's suppliers could experience financial distress or file for insolvency. Financial distress in the supply chain may result in delivery bottlenecks, a loss of quality and price increases.

Prices of certain raw materials, such as steel, aluminum, copper, lead, coking coal, crude oil, precious metals and rare earth elements have remained highly volatile. Rises in demand for raw materials, including due to further economic recovery in key markets could create a shortage of the raw materials that are important for Volkswagen's production and further price increases. In addition, the accelerated use of new technologies, such as electrified powertrains, could increase Volkswagen's procurement risks. An industry-wide shift to electro mobility could lead to bottlenecks in supplies and price increases of certain critical materials, such as lithium or cobalt, which could limit Volkswagen's ability to scale the new technologies profitably. Furthermore, the technological transformation will require significant changes to Volkswagen's supply chain, as it increasingly sources parts and supplies designed for new technologies, which may partially not be successful. These risks could lead to higher manufacturing costs for end products, parts and components.

A shortage of raw materials and energy sources could arise from decreases in extraction and production due to natural disasters, political instability or unrest or production limits imposed in extracting and producing countries. For example, China, which is currently the predominant producer of rare earth elements, has limited the export of such elements in the past and is increasingly using other mechanisms, such as an export licensing system or the imposition of higher raw material duties, which could limit access to such elements. Similarly, geopolitical risks exist with respect to supplies of cobalt, a key metal for battery production.

If the prices for these or other raw materials, including energy, increase and if Volkswagen is not able to pass such increases on to customers, or if Volkswagen is unable to ensure its supply of scarce raw materials, Volkswagen may face higher component and production costs that could in turn negatively affect future profitability and cash flows.

Furthermore, Volkswagen is also facing different environmental and social risks in its complex globally fragmented supply chains. Stakeholders such as fleet customers, investors or non-governmental organizations are calling for a contribution from Volkswagen to address sustainability issues upstream in its supply chains. New technologies such as electro mobility will change the share of materials in the vehicle fleet. Metals used for high voltage batteries are partly produced in countries with low sustainability performance and weak enforcement of national labor and environmental laws, which increases the risk of violations of Volkswagen's sustainability requirements. Social or environmental problems could result in reputational loss or instability of material supply.

1.1.12 *Production risks*

1.1.12.1 *Volkswagen may not be able to adjust its production capacity sufficiently and timely.*

Production capacity for each vehicle project is planned several years in advance on the basis of expected sales developments. Future sales are subject to a wide range of factors, including market dynamics and cannot be estimated with certainty. In particular, the ongoing transformation in the automotive industry makes it more difficult to forecast future sales of electric, hybrid and traditional vehicles, which increases the risk of Volkswagen's production planning. If Volkswagen's sales forecasts prove to be too optimistic, there is a risk that available capacity is underutilized, while pessimistic forecasts could lead to capacity being insufficient to meet demand.

Various factors can cause overall demand for vehicles or demand for particular vehicle models to fluctuate. This requires Volkswagen to continuously adjust production capacity at its many facilities worldwide. As the range of Volkswagen's models grows, while at the same time product lifecycles become shorter, the number of new vehicle start-ups and the risks related to production planning at Volkswagen's sites increase. The processes, quality and technical systems used for this are complex and there is thus a risk that vehicle deliveries could be delayed, negatively affecting demand and consumer satisfaction.

Volkswagen utilizes certain measures such as flexible work hours and production network configuration to calibrate production capacity. However, Volkswagen or its important suppliers may not be able to adjust production capacity sufficiently and timely if demand fluctuates beyond their organizational and technical flexibility. In addition, Volkswagen may not be able to adjust production capacity as planned for political, regulatory or legal reasons. Any restructuring measures could lead to significant one-time costs. If Volkswagen's competitors are able to react more effectively, they could gain market share, which could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.12.2 *Volkswagen's future business success depends on its ability to maintain high quality.*

In order to maintain high quality standards for its products and to comply with government-prescribed standards, such as safety or emissions standards, Volkswagen incurs substantial costs for monitoring and quality assurance.

In the past, Volkswagen was required and may in the future be required to implement service measures or recall vehicles if there are defects or irregularities in parts or components that Volkswagen sources externally or manufactures in-house. Volkswagen may need to develop new technical solutions that require governmental authorization. These measures could be costly and time-consuming, which may lead to warranty-related provisions and expenses that exceed existing provisions. In addition, product recalls can harm Volkswagen's reputation and cause it to lose customers, particularly if the recalls cause consumers to question the quality, safety or reliability of Volkswagen's products. Since Volkswagen applies the modular component concept in vehicle production, Volkswagen's risk is increased because individual components are used in a number of different models and brands.

Product safety and other defects can subject Volkswagen to investigations, fines for non-compliance, customer complaints and litigation with substantial financial consequences. Volkswagen faces investigations in connection with the diesel issue, as described under "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities.*" In the future, it cannot be ruled out that Volkswagen may incur further quality issues in relation to emissions or otherwise.

Product quality significantly influences consumers' decision to purchase vehicles. Customers increasingly demand that Volkswagen assumes the costs of repairs even after the guarantee period has expired.

A decline in Volkswagen's product quality or customer perception of such decline could harm the image of Volkswagen's selected brands or Volkswagen's image as a prime manufacturer, which in turn could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.12.3 ***Unforeseen business interruptions to production facilities may lead to production bottlenecks or downtime, and deviations from planning in connection with large projects may hinder their realization.***

Volkswagen has numerous production facilities worldwide. The production facilities may be disrupted or interrupted. These disruptions or interruptions can occur for reasons beyond Volkswagen's control (such as airplane crashes, terrorism, epidemics or natural catastrophes) or for other reasons (such as fire, explosion, release of substances harmful to the environment or health, or strikes). Operational disruptions and interruptions may lead to significant production downtimes. Volkswagen believes that it maintains a suitable level of insurance with respect to these risks based on a cost benefit analysis. However, insurance may not fully cover the aforementioned scenarios. Special risks may arise during large projects. These result in particular from contracting deficiencies, mistakes in costing, post-contracting changes in economic and technical conditions, deviations in product launches (e.g., launch costs, start of production date), weaknesses in project management and poor performance on the part of subcontractors. Any production downtime or stoppage, or deviation from planning in connection with a large project, can have a material adverse effect on Volkswagen's reputation and general business operations. In the case of insufficient insurance coverage, any of these can also have a material adverse effect on Volkswagen's net assets, financial position and results of operations.

1.1.13 ***Sales and distribution risks***

1.1.13.1 ***Volkswagen is dependent on the sale of vehicles to corporate customers (including fleet customers) and is therefore dependent on their economic situation and preferences.***

As a rule, corporate customers, including fleet customers, generate more stable incoming orders than retail customers. Fleet customers need vehicles to travel, distribute their goods and services and visit their customers. They rely on cars, light commercial vehicles, trucks and busses for their

daily work and in most cases, they provide a specific budget for the acquisition of the vehicles, generating stable incoming orders. Fleet registrations of passenger vehicles as a share of total registrations in Europe amounted to 28.7% in 2017 for the overall market.

Although Volkswagen does not depend on any individual corporate customer, corporate customers, in aggregate, represent an important customer group. Therefore, Volkswagen is dependent on this customer segment's economic situation. Sales in Volkswagen's truck business are particularly sensitive to economic developments due to the transportation sector's strong cyclicality. The resulting production fluctuations require significant flexibility on the part of truck producers, in particular given the even higher complexity of the product offering with respect to trucks as compared to passenger vehicles. In addition, if Volkswagen sells fewer vehicles to corporate customers, the Financial Services Division may conclude fewer leasing agreements. In relation to the diesel issue, fleet customers have so far reacted cautiously as their own corporate policies may be affected.

Furthermore, due to the higher number of vehicles purchased by corporate customers compared to individual customers, large corporate customers are generally granted larger discounts. There is a risk that Volkswagen may be able to offset discounts to corporate customers only partially or not at all.

Corporate customers tend to include CO2 restrictions in relation to exhaust emissions into their company policies. There is a risk that large corporate customers will reduce or eliminate purchases of Volkswagen products if the Volkswagen Group is not able to offer products with sufficiently low exhaust emissions values.

Additionally, corporate customers are increasingly interested in new forms of mobility as well as mobile online services. There is a risk that Volkswagen could lose sales if the Volkswagen Group's shift to new mobility concepts does not proceed in a timely manner.

A decline in sales to corporate customers could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.13.2 ***Volkswagen's multiple brand strategy may result in overlap in the sales approach, which could lead to weakening of the brands.***

In the Automotive Division, Volkswagen has a number of brands, some of which serve similar customer segments. Additionally, the trend of increasing number of body styles (for example, cross-over body styles) based on customer expectations and competitive actions increases the risk of an overlap in the marketing approach, which can have an effect on the overall position and market share of the individual brands. This risk can be intensified by Volkswagen's modular strategy, which provides the same platforms and components for certain segments.

A shift in demand in the volume market in which Volkswagen simultaneously offers many brands and models, for example, in the compact vehicle class, necessitates additional marketing activities to broaden brand perception and create higher differentiation among brands.

These risks may lead to internal cannibalization, loss of sales or additional expenses associated with higher investment to reposition affected models or brands, which could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.13.3 ***Issues in relation to exhaust emissions have negatively affected and may continue to affect brand image or brand confidence.***

The reputation of the Volkswagen Group and its brands is one of the most important assets and forms the basis for long-term business success. The recent issues faced by Volkswagen in relation to exhaust emissions have negatively influenced customers' brand perception (for example, brand image or brand confidence), which may have a negative impact on customers' purchase decisions and may impair Volkswagen's profitability and market share. See also "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of*

these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities."

1.1.14 ***Financial risks***

1.1.14.1 ***Volkswagen may not succeed in refinancing its capital requirements in due time and to the extent necessary, or at all. There is also a risk that Volkswagen may refinance on unfavorable terms and conditions.***

Volkswagen depends on its ability to cover its financing requirements adequately. As of December 31, 2017, Volkswagen's noncurrent and current financial liabilities amounted to EUR 163,472 million.

Volkswagen may not be able to obtain sufficient financing to meet its needs or Volkswagen may not be able to finance on reasonable terms and conditions, which in turn may have a material adverse effect on Volkswagen's business, net assets, financial position and results of operations.

Volkswagen's Automotive Division and Financial Services Division carry out refinancing separately, but follow the same financial strategy and, therefore, in principle are subject to the same financing risks. The Automotive Division finances itself primarily through retained, undistributed earnings as well as through borrowings in the form of bonds and other instruments. The Financial Services Division satisfies its funding requirements through the issuance of long and short-term debt securities out of money market and capital market programs, bank loans, operating cash flows, retail and wholesale deposits, central bank facilities and the securitization of lease and loan receivables. The Financial Services Division regularly funds itself via the Automotive Division.

Volkswagen's financing opportunities may be adversely affected by a deterioration in financial and general market conditions, a weakening of its credit profile and outlook as well as by a rating downgrade or withdrawal. In these cases, the demand from capital market participants for securities issued by Volkswagen may decrease, which could adversely impact the rates of interest Volkswagen has to pay and may result in lower capacity to access the capital markets. In the wake of the diesel issue, Volkswagen AG's credit ratings have been downgraded and Volkswagen has experienced limited access to refinancing opportunities. See also "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities.*"

If financial and general market conditions deteriorate or credit spreads and/or the general level of interest rates increase, this would result in higher interest expenses for Volkswagen. If Volkswagen does not limit its exposure to changes in interest rates accordingly, it could incur materially higher financing costs which in turn would lower profitability.

1.1.14.2 ***Volkswagen is exposed to the risk that a contract party will default or that the credit quality of its customers or other contractual counterparties will deteriorate.***

Credit risk

Volkswagen is exposed to the risk that the credit quality of its retail customers and business partners (such as dealers and other corporate customers) may deteriorate and in the worst case that they may default (risk of counterparty default). This includes the risk of default on lease payments as well as on repayments of and interest payments on financing contracts (credit risk). Credit risk is influenced by, among other factors, customers' financial strength, collateral quality, overall demand for vehicles and general macroeconomic conditions. If, for example, an economic downturn were to lead to increased inability or unwillingness of borrowers or lessees to repay their debts, increased write-downs and higher provisions would be required, which in turn could

adversely affect Volkswagen's results of operations. In the course of the diesel discussions, especially regarding potential driving bans in cities for older diesel vehicles, market prices and in turn collateral values of vehicles could decrease. Lower collateral values could negatively impact the asset situation of Volkswagen Group. Risks arising from trade receivables could have an impact on Volkswagen's liquidity position.

Volkswagen has implemented detailed procedures in order to contact delinquent customers for payment, arrange for the repossession of unpaid vehicles and sell repossessed vehicles. However, there is still the risk that Volkswagen's assessment procedures, monitoring of credit risk, maintenance of customer account records and repossession policies might not be sufficient to prevent negative effects for Volkswagen.

Volkswagen's dealers could encounter financial difficulties as a result of the diesel issue. Due to lower sales in new and used car business, or sales carried out with low or (in extreme cases) no margin due to a buying restraint of customers caused by the uncertainties surrounding the diesel issue or other factors, dealers may not be able to generate sufficient cash flows to meet their financial liabilities. This could have a material adverse effect on Volkswagen's business, net assets, financial position and results of operations.

Counterparty risk / Issuer risk

Volkswagen is exposed to the risk of deterioration of the credit quality of its contractual counterparties in the money markets and the capital markets. In both its Automotive and Financial Services Divisions, Volkswagen maintains extensive business relationships with banks and financial institutions, in particular, to control liquidity through call money and fixed term deposits and to hedge against such risks as currency exchange rate, interest rate and commodity price risks using derivatives. Volkswagen incurs default risks with respect to the repayment of and interest on the deposits and the fulfillment of obligations under such derivatives. Volkswagen invests surplus liquidity in bonds and similar financial instruments, among others. If the credit quality of an issuer of these financial instruments deteriorates, or if such an issuer becomes insolvent, this may result in losses if Volkswagen sells the financial instrument before or at its maturity. This can even result in the issuer's default on the receivable.

If the macroeconomic environment were to deteriorate in the future, the risks described above could rise and Volkswagen may have to increase its risk provisioning.

1.1.14.3 ***Changes in exchange rates, interest rates and commodity prices as well as respective hedging transactions may have a negative impact on Volkswagen.***

Volkswagen's businesses, operations, financial results and cash flows are exposed to a variety of market risks, including in particular the effects of changes in the exchange rates of the Argentine peso, Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese renminbi, Czech koruna, Hong Kong dollar, Hungarian forint, Indian rupee, Japanese yen, Mexican peso, Norwegian krone, Polish zloty, Russian ruble, Singapore dollar, South African rand, South Korean won, Swedish krona, Swiss franc, Taiwan dollar and U.S. dollar, especially against the euro. When business and economic conditions are favorable, Volkswagen is normally able to obtain the equivalent of euro-denominated prices for its products and services. However, this is usually not possible during weak economic periods, with the result that a strong euro may have an intensified negative impact. Volkswagen enters into hedging transactions to lower currency, interest rate and commodity price risks. However, these risks are not fully hedged. Furthermore, losses arising from hedging activities, together with the expenses of hedging transactions, may result in significant costs.

Due to the continuing uncertainties regarding the impact on Volkswagen of the diesel issue, and environmental protection regulations (e.g. the Worldwide Harmonized Light-Duty Vehicle Test Procedure ("**WLTP**")), Volkswagen faces a risk of increased volatility of cash flows in foreign currencies. This could also affect results from hedging activities.

In addition, in order to manage the liquidity and cash needs of its day-to-day operations, Volkswagen holds a variety of interest rate sensitive assets and liabilities. Volkswagen also holds a substantial volume of interest rate sensitive assets and liabilities in connection with its lease

and sales financing business. Changes in exchange rates, interest rates and commodity prices may have substantial adverse effects on Volkswagen's operating results and cash flows.

1.1.14.4 ***The Volkswagen Financial Services Division is by nature dependent on sales by the Volkswagen Group, meaning that any risk that negatively influences the vehicle delivery of the Volkswagen Group may have adverse effects on the business of the Financial Services Division.***

The Volkswagen Financial Services Division, as a captive finance company, has a limited business model, namely the sales support of products of the Automotive Division. Thus, the financial success of the Financial Services Division depends largely on the success of the Automotive Division. The development of vehicle deliveries to customers of the Volkswagen Group is crucial and material to the generation of new contracts for the Financial Services Division. As a result, fewer vehicle deliveries would also result in reduced business for the Financial Services Division.

The reason for fewer vehicle sales can be diverse, including but not limited to the following: If economic growth does not materialize to the extent expected or if economic conditions weaken in a particular market, the Volkswagen Group may sell fewer products in these markets or obtain lower-than-expected prices. Additionally, a lack of economic growth could lead to a decrease of deliveries to customers caused by intensified price competition among automotive manufacturers. Moreover, further legal investigations might be launched in the future and existing investigations could be expanded. This may result in further legal actions being taken against the Volkswagen Group and could have a negative influence on customer behavior and the business of Financial Services Division. Finally, if regulatory/political decisions (e.g., sales stops, driving bans, WLTP) influence customer demand, the sales of Volkswagen Group could be negatively affected, resulting in less business opportunities for the Financial Services Division.

Although the Financial Services Division operates different brands in numerous countries, a simultaneous and strong reduction of vehicle deliveries in several core markets might result in negative volume and financial performance for the Financial Services Division. These risks could have a material adverse effect on Volkswagen's business activities, net assets, financial position and results of operations.

1.1.14.5 ***A decrease in the residual values or the sales proceeds of leased vehicles or vehicles financed with a product with balloon rate and return option could have a material adverse effect on the business, financial condition and results of operations of Volkswagen.***

As a lessor under leasing contracts, including contracts with a balloon rate and return option for the customer, the Financial Services Division generally bears the risk that the market value of vehicles sold at the end of the term may be lower than the contracted residual value at the time the contract was entered into (so-called residual value risk). The Financial Services Division takes such differences into account in establishing provisions for the existing portfolio and in its determination of the contracted residual values for new business.

Volkswagen distinguishes between direct and indirect residual value risks. If the Financial Services Division carries the residual value risk, it is referred to as a direct residual value risk. Residual value risk is indirect when that risk has been transferred to a third party (such as a dealer) based on a residual value guarantee. The Financial Services Division frequently enters into agreements that require dealers to repurchase vehicles, so dealers, as residual value guarantors, would bear the residual value risk. When dealers act as the residual value guarantors, the Financial Services Division is exposed to counterparty credit risk. If the residual value guarantor defaults, the leased asset and also the residual value risk pass to the Volkswagen Group.

The residual value risk could be influenced by many different external factors. A decline in the residual value of used cars could be caused by initiatives to promote sales of new vehicles, which was evident during the global financial and economic crisis when incentive programs were offered by governments (for example, scrapping premium) and automobile manufacturers. Among other things, Volkswagen was required to increase existing loss provisioning for residual value risks in

the past. It cannot be ruled out that a similar scenario due to renewed deterioration of the macroeconomic environment could occur in the future.

Moreover, an adverse change in consumer confidence and consumer preferences could lead to higher residual value risks for Volkswagen. Customers determine the demand and therefore the prices of used cars. If customers refrain from purchasing Volkswagen Group vehicles, for example due to such vehicles' perceived poor image or unappealing design, this could have a negative impact on residual values.

Furthermore, changes in economic conditions, government policies, exchange rates, marketing programs, the actual or perceived quality, safety or reliability of vehicles or fuel prices could also influence the residual value risk. For instance, current public discussions on potential political activities in relation to driving bans for diesel vehicles might influence the residual value risk of the relevant Financial Services Division portfolio. Due to the fact that customers might change their consumption behavior and refrain from buying diesel vehicles, these bans could have a negative impact on the corresponding market prices of these vehicles. For this reason, the residual value risk might increase and could materially adversely affect Volkswagen's net assets, financial position and results of operations.

Uncertainties may also exist with respect to the internal methods for calculating residual values, for example due to assumptions that later prove to be incorrect. Although Volkswagen continuously monitors used car price trends and makes adjustments to its risk valuation, assessing residual value risk in advance of actual market indicators remains subject to the risk of assumptions that may prove to be incorrect.

Estimates of provisions for residual value risks may be less than the amounts actually required to be paid due to miscalculations of initial residual value forecasts or changes in market or regulatory conditions. Such a potential shortfall may have a material adverse effect on Volkswagen's business activities, net assets, financial position and results of operations.

Due to the uncertainties surrounding the diesel issue, the demand for Volkswagen Group vehicles could decline, which in turn could result in falling new and used car prices. Falling prices would affect Volkswagen at various stages. It could lead to pressure on margins in leasing products and products with balloon rate and return options. In addition, the residual value risk from lease returns could increase since the residual values calculated may not correspond with the current residual value assumptions for the end of the contract. As a result, Volkswagen would have to maintain higher value adjustments or record direct partial write-offs against income on its leasing portfolio, which would adversely affect Volkswagen's net assets, financial position and results of operations.

1.1.15 *Other Risks*

1.1.15.1 *The value of goodwill or brand names reported in Volkswagen's consolidated financial statements may need to be partially or fully impaired as a result of revaluations.*

As of December 31, 2017, goodwill reported in Volkswagen's balance sheet amounted to EUR 23,442 million and the reported value of brand names amounted to EUR 16,911 million.

At least once a year, Volkswagen reviews whether the value of goodwill or brand names may be impaired based on the underlying cash-generating units. If there is objective evidence that the carrying amount is higher than the recoverable amount for the asset concerned, Volkswagen incurs an impairment loss. An impairment loss may be triggered, among other things, by an increase in interest rates. As a consequence, Volkswagen may need to record an impairment loss in the future.

1.1.15.2 *Volkswagen's future success depends on its ability to attract, retain and provide further training to qualified managers and employees.*

Volkswagen's success depends substantially on the quality of its senior managers and employees as well as employees in key functions. If Volkswagen loses important employees due to turnover, targeted recruiting by competitors or others, or age-related departures, this may lead to a

significant drain on Volkswagen's know-how. Competition for qualified personnel is increasing, particularly in the area of automotive engineering, research and development, and is especially intense in areas requiring advanced technological skills. In addition, if Volkswagen's employees do not possess the skills and qualifications necessary to advance Volkswagen's strategic goals, there is a risk that these objectives (e.g., technological change) will not be met. If Volkswagen fails to retain qualified personnel to the necessary extent, or if it fails to recruit qualified personnel or to continue to train existing personnel, Volkswagen may not reach its strategic and economic objectives.

1.1.15.3 ***Volkswagen is dependent on good relationships with its employees and their unions.***

Personnel expenses are a major cost factor for Volkswagen. Employees at Volkswagen's German locations and at a number of foreign subsidiaries have traditionally been heavily unionized. When the current collective agreements and collective wage agreements expire, Volkswagen may not be able to conclude new agreements on terms and conditions that Volkswagen considers to be reasonable. Furthermore, Volkswagen may be able to conclude such agreements only after industrial actions such as strikes or similar measures. If Volkswagen's production or other areas of business are affected by industrial actions for an extended period, this may have material adverse effects on Volkswagen's business, net assets, financial position and results of operations. In addition, Volkswagen's competitors may obtain competitive advantages if they succeed in negotiating collective wage agreements on better terms and conditions than Volkswagen. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible legal environments.

In particular, Volkswagen faces risks from the collective wage agreement for long-term plant and job security (*Zukunftstarifvertrag*) entered into with the German Metalworkers Union (*Industriegewerkschaft Metall*) and the German Christian Metalworkers Union (*Christliche Gewerkschaft Metall*). This agreement became effective on January 1, 2009 and may be terminated at the end of a calendar quarter with a three-month notice period, at the earliest on December 31, 2025. The agreement, which is generally applicable to all employees of Volkswagen AG, rules out compulsory redundancies during its term. In addition, Volkswagen agreed to the target to keep the number of employees at its six West German locations stable, subject to additional structural measures agreed among management and the employees and their representatives. The agreement may limit Volkswagen's ability to react in a timely manner to a change in economic conditions.

In addition, the Board of Management and the General Works Council of Volkswagen have agreed on a pact for the future, effective as of December 1, 2016. In addition to measures regarding the rebalancing of personnel in accordance with business needs, the parties have agreed on measures in relation to safeguarding the future and in relation to efficiency, which will include job reductions. As part of the pact for the future, the parties agreed to continue the employment protection as stipulated in the collective wage agreement with the industrial union until at least December 31, 2025 and therefore to avoid redundancies until then. There can be no assurance that any benefits Volkswagen expects from the pact will be achieved.

1.1.15.4 ***Volkswagen faces risks arising from pension obligations.***

Volkswagen provides retirement benefits to its employees. To determine its pension obligations, Volkswagen makes certain assumptions. If these assumptions prove to be inaccurate, Volkswagen's balance sheet or actual pension obligations could increase substantially, and Volkswagen would have to raise its pension provisions.

Since January 1, 2001, Volkswagen has invested part of Volkswagen AG's and other German subsidiaries' remuneration-linked pension expenses in plan assets that qualify to offset Volkswagen's pension provisions. If the market value of plan assets falls, Volkswagen may have to substantially increase its pension provisions. Existing pension obligations are not fully covered by plan assets.

Currency, interest rate and fluctuations in securities prices may adversely affect the value of the plan assets. Although these risks are monitored and countermeasures taken by entering into

hedging transactions, these countermeasures may prove to be insufficient. In such event, the value of the plan assets would fall short of the aggregate pension claims and Volkswagen would have to cover the short-fall, which could materially adversely affect Volkswagen's net assets, financial position and results of operations.

1.1.15.5 ***Volkswagen operates complex IT systems. IT system malfunctions or errors could harm Volkswagen's business.***

Volkswagen operates comprehensive and complex IT systems. Where economically reasonable, Volkswagen intends to harmonize various IT systems. There are risks inherent in non-uniform IT systems, such as compatibility issues for both hardware and software or the necessity to train personnel for different systems. Additionally, numerous essential functional processes in the development, production and sales of vehicles and components depend on computer-controlled applications and cannot be carried out without properly functioning IT systems and IT infrastructure. Malfunctions or errors in internal or external IT systems and networks could have adverse effects on Volkswagen's operations, harm Volkswagen's reputation and expose it to regulatory actions or litigation.

Furthermore, regular or event-driven updates are required for many of Volkswagen's IT systems in order to meet increasingly complex business and regulatory requirements. The software and hardware of some of Volkswagen's established IT systems are no longer supported by their vendors, which increases the difficulty of ensuring that they continue to operate properly. IT system downtime, interruptions or security flaws may significantly adversely affect customer relationships, accounting, management or credit administration and may result in significant expenses for data restoration and verification.

1.1.15.6 ***Security breaches and other disruptions to IT systems and networked products owned or maintained by Volkswagen or third-party vendors or suppliers, could interfere with Volkswagen's operations and could compromise the confidentiality of private customer data or proprietary information.***

Volkswagen collects and stores sensitive data, including intellectual property, proprietary business information, proprietary business information of Volkswagen's dealers and suppliers, as well as personally identifiable information of customers and employees, in data centers and on IT networks. The secure operation of these systems and products, and the processing and maintenance of the information processed by these systems and products, is critical to Volkswagen's business operations and strategy. The importance and complexity of electronically processed data continues to increase and applicable data protection laws place onerous obligations on Volkswagen's IT systems. For example, Volkswagen is subject to the stringent requirements of the EU General Data Protection Regulation which entered into force in May 2018.

These systems and products may be vulnerable to damage, disruptions or shutdowns caused by attacks by hackers, computer viruses, or breaches due to errors or malfeasance by employees, contractors and others who have access to these systems and products. The occurrence of any of these events could compromise the operational integrity of these systems and products. Similarly, such an occurrence could result in the compromise or loss of the information processed by these systems and products. Such events could result in, among other things, the loss of proprietary data, interruptions or delays in Volkswagen's business operations, reputational damage or damage to Volkswagen's financial performance and to its relationships with customers and suppliers.

In addition, such events could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information; disrupt operations; or reduce the competitive advantage Volkswagen seeks to derive from its investment in advanced technologies. Volkswagen has experienced such events in the past and, although past events were immaterial, future events may occur and may be material.

Volkswagen's efforts to mitigate these risks may turn out to be inadequate. The costs (including any insurance) of protecting against IT risks are high and could further increase in the future.

1.1.16 *Risks from Joint Ventures, Acquisitions, Equity Interests in Companies and other Co-operations*

1.1.16.1 *Cooperation with joint venture partners may entail risks that could endanger Volkswagen's market position and cause financial losses.*

At times Volkswagen enters into joint ventures with strategic partners for research and development, market launches and large projects. In addition to Volkswagen's joint ventures in China, important relationships relate to strategic areas, such as battery development, digitalization, mobility concepts and infrastructure. With respect to its strategic development, Volkswagen expects to rely to a greater extent on partnerships and cooperations in the future.

If Volkswagen fails to fulfill its obligations stipulated in the related agreements, it may be subject to claims for damages and contractual penalties or the joint venture agreement may be terminated. In addition, a breach of contract by Volkswagen's partners or unforeseen events may impair the successful implementation of a project. Moreover, the success of Volkswagen's joint ventures requires that the partners constructively pursue the same goals. If Volkswagen decides to divest its shareholdings or withdraw from the joint venture, it may not be able to find a buyer for its shares, or it may not be able to sell the shares for other reasons, or Volkswagen's joint venture partner may claim damages. Additionally, it is possible that Volkswagen's partners may use, outside of the scope of the joint venture project, technologies or intellectual property acquired in the course of the joint venture. The diesel issue could affect Volkswagen's ability to attract future potential cooperation partners, for example, in the area of research and development.

Volkswagen is particularly exposed to these risks in relation to its joint ventures in China, due to their strategic importance in terms of Volkswagen's growth strategy in Asia. Any impairment of the business activities of these joint ventures, irrespective of any associated claims for damages arising from them, may have a material adverse effect on the functioning of these joint ventures. This could result from a number of factors within the respective partnership or due to the partners' differing strategic goals.

If any of these factors were to occur, Volkswagen may lose orders and customers and endanger its strategic market position in the relevant markets, which may result in a time-consuming and costly search for alternative partners and the loss of costs already incurred.

1.1.16.2 *Volkswagen may be exposed to risks in relation to corporate acquisitions and equity interests in companies as well as with regard to disposals and the rights of minority shareholders.*

Volkswagen has made significant acquisitions in the past and may continue to acquire companies and equity interests in companies in the future. Corporate acquisitions are typically associated with significant investments and risks. For instance, Volkswagen may not be granted full access or provided with all relevant information to completely review the target company before the acquisition or investment or can do so only after incurring disproportionately high costs. Therefore, Volkswagen may not recognize all risks related to such a transaction in advance and may not adequately protect itself against such risks. Target companies may also be located in countries in which the underlying legal, economic, political and cultural conditions do not correspond to those customary in the European Union, or have other national peculiarities with which Volkswagen is not familiar. In addition, acquisitions and integration of companies generally tie up significant management resources. There is also a danger that acquired or licensed technologies or other assets may not be legally valid or intrinsically valuable. Furthermore, Volkswagen may not succeed in retaining, maintaining and integrating the employees, business relationships and operations of the acquired companies.

Volkswagen may not realize the targets for growth, economies of scale, cost savings, development, production and distribution targets, or other strategic goals that Volkswagen seeks from the acquisition. Moreover, anticipated synergies may not materialize, the purchase price may prove to have been too high or unforeseen restructuring expenses may become necessary. Thus, Volkswagen's corporate acquisitions or purchases of equity interests in companies may not be successful. Moreover, in many countries and regions, planned acquisitions are subject to a review by the competition and other regulatory authorities, which may impede a planned

transaction. It is also possible that the flow of information to Volkswagen may be restricted for legal reasons in the case of equity interests in companies with minority shareholders.

Furthermore, Volkswagen may not be able to recover guarantees and indemnities provided to it by third parties in the context of acquisitions or investments. There is also a possibility that the acquired entities' contractual partners may be entitled to cancel contracts or make other claims which are disadvantageous to Volkswagen.

In relation to asset disposals, Volkswagen is also exposed to risks typically associated with such transactions, including potential liabilities resulting from contractual warranties and indemnities, as well as regulatory risks of not being able to obtain required approvals.

If any of these risks occurs, or if Volkswagen incorrectly assesses the risks or if there are other failures in relation to Volkswagen's acquisitions, investments or disposals, this may have a material adverse effect on Volkswagen's business activities, net assets, financial position and results of operations.

1.1.17 *Regulatory, Legal and Tax-Related Risks*

1.1.17.1 *Volkswagen is subject to a range of different regulatory and legal requirements worldwide that are constantly changing.*

Volkswagen's business operations worldwide are subject to comprehensive and constantly changing government regulations. This includes automobile design, manufacture, marketing and after-sales services or measures undertaken to encourage customer loyalty to the vehicle and brand following sale, including vehicle recycling, vehicle registration and operation regulations, and activities in the financial services sector. Further, Volkswagen is subject to numerous regulatory requirements on the national and international level regarding the use, handling and storage of various substances (including restrictions or prohibitions on the use of chemicals, heavy metals, biocidal products and persistent organic pollutants) in the manufacturing process and their use in Volkswagen's products.

Volkswagen must comply with various regulatory requirements that are not always homogeneous and which are subject to increasing governmental scrutiny and enforcement. This applies in particular to regulatory requirements for the protection of the environment, health and safety. Vehicles are particularly affected by regulatory requirements concerning fuel economy, harmful emissions and CO2 and NOx emission limits, as well as tax regulations in relation to CO2 or consumption-based motor vehicle tax models. Due to different limits in various countries, Volkswagen is often unable to market a vehicle with the same specifications worldwide. In addition, the operation of Volkswagen's products may be prohibited in a particular country by a lowering of regulatory limits after the vehicle's sale.

For example, the European Commission has imposed increasingly stricter regulations regarding CO2 emissions of all passenger cars (the average of fleet) offered for sale in the European Union. By 2020, all new cars in Europe will have to meet a fleet CO2 average of 95g CO2/km, subject to certain automotive portfolio considerations and transition periods. The targets from 2025/2030 are currently under discussion. The EU environment ministers recently agreed that by 2030 new cars sold in Europe must emit 35% less CO2 compared to the 2020 levels. Future legislative measures at the level of the European Union, its Member States or other countries (including their political subdivisions such as individual States in the United States) may also pose risks for Volkswagen, such as risks from the obligation to take back end-of-life vehicles or risks arising from an integrated energy and climate protection program that could require alterations in permitted or favored fuel sources to be used in vehicles or could result in significant changes to requirements governing permissible air emissions from vehicles. Volkswagen expects that in order to comply with fuel economy and emission control requirements, it will be required to offer a significant volume of hybrid or electric vehicles, as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that Volkswagen will be able to produce and sell vehicles that use such technologies profitably or that customers will purchase such vehicles in the quantities sufficient for Volkswagen to comply with applicable regulations.

Furthermore, the transition from the "New European Driving Cycle" (i.e. test procedures used previously in the EU to assess the emission levels of car engines and fuel economy) to the new WLTP causes risks due to unregulated questions and frictions in the existing national laws, e.g., labelling or taxation. Additionally, the transition to the new, more time-consuming WLTP has caused, and is expected to further cause production stoppages at some of Volkswagen's plants, certain Volkswagen Group brands to temporarily limit the number of models that are offered for sale in the European Union or any other jurisdictions that have implemented WLTP standards, or a temporary decline in sales or build-up in inventory. This could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

The costs of compliance with regulatory requirements are considerable, and such costs are likely to increase further in the future, given the expected increased scrutiny, regulatory changes or novel interpretations of current regulations and stricter enforcement by regulators globally. A violation of applicable regulations could lead to the imposition of penalties, fines, damages, recalls, restrictions on or revocations of Volkswagen's permits and licenses (including vehicle certifications or other authorizations that must be in place before a particular vehicle may be sold in the authorizing jurisdiction), restrictions on or prohibitions of business operations, reputational harm and other adverse consequences.

Volkswagen is subject to extensive ongoing investigations and claims in a number of jurisdictions worldwide in relation to the diesel issue. These proceedings could lead to further substantial fines, penalties, damages and other materially adverse effects which cannot be estimated fully at present. For more information, see "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities*."

1.1.17.2 ***Volkswagen is exposed to political, economic, tax and legal risks in numerous countries.***

Volkswagen manufactures products in various countries, such as Germany, Sweden, Spain, the Czech Republic and the United States, in countries at the threshold of becoming industrialized nations, as well as those that only recently crossed such threshold, such as China, Brazil, Russia, India and Mexico. Volkswagen offers its products and services globally. In certain countries in which Volkswagen manufactures and sells products and services, the underlying conditions differ significantly from those in Western Europe, and there is less economic, political and legal stability. In a number of countries, there is a history of recurring political or economic crises and changes. This presents Volkswagen with risks over which it has no control and which could have material adverse effects on its business activities and growth opportunities in these countries.

Demand for vehicles and production conditions in certain countries may be influenced by regulatory, foreign trade policy and other government market interventions. For example, restrictions on the granting or retention of approvals for vehicles or production facilities, international trade disputes, revocation of existing tax privileges, demand for the repayment of subsidies and the maintenance or introduction of new customs duties or other trade barriers such as import restrictions, may negatively affect Volkswagen's sales, procurement activities, production costs and expansion plans in the affected regions.

The expansion of bilateral and multilateral free-trade agreements between countries could also negatively affect Volkswagen's market position. This is particularly the case in Southeast Asia, where increasing numbers of Japanese companies are obtaining preferential market access based on free-trade agreements. Volkswagen's inability to gain access to markets or ability to do so only on restrictive terms could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.17.3 ***Volkswagen's compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, measure and take appropriate countermeasures against all relevant risks.***

In connection with its worldwide business operations, Volkswagen must comply with a range of legislative requirements in a number of countries. Volkswagen maintains a compliance management system that supports Volkswagen's operational business processes, helps to ensure compliance with legislative provisions and, where necessary, initiates appropriate countermeasures.

Members of Volkswagen's governing bodies, employees, authorized representatives or agents may violate applicable laws, and internal standards and procedures. Volkswagen may not be able to identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, Volkswagen's compliance and risk management systems may not be appropriate to the company's size, complexity and geographical diversification and may fail for various reasons. In addition, on the basis of experience, Volkswagen cannot rule out that, for example in contract negotiations connected with business initiation, members of Volkswagen's governing bodies, employees, authorized representatives or agents have accepted, granted or promised advantages for themselves, Volkswagen or third parties, have applied comparable unfair business practices, or continue to do so. Volkswagen's compliance system may not be sufficient to prevent such actions. See also "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities*." and "*The diesel issue led to a review and ongoing reforms of Volkswagen's internal controls, compliance function and company culture. If these reforms are not completed and future material compliance failures occur, Volkswagen could be exposed to significant adverse consequences*."

The occurrence of these risks may result in a reputational loss and various adverse legal consequences, such as the imposition of fines and penalties on Volkswagen or members of its governing bodies or employees, or the assertion of damages claims. Volkswagen is particularly exposed to these risks with respect to its minority interests and joint ventures, as well as its listed subsidiaries, where it is difficult and in some cases possible only to a limited extent to integrate these entities fully into Volkswagen's compliance and risk management systems.

1.1.17.4 ***Volkswagen is exposed to environmental and security-related liability risks.***

Volkswagen operates complex industrial plants that manufacture, use, store, manage, generate, emit and dispose of various substances that may constitute a hazard to human life and health as well as to the environment and natural resources. In the past, environmentally hazardous substances from those operations may have entered and in the future, may enter the air, watercourses, especially groundwater, or surface or subsurface soils at Volkswagen facilities or third-party locations, and the environment, natural resources, human health, life and safety of persons and property may have been or may be affected or endangered otherwise because of those environmentally hazardous substances. Volkswagen may be jointly or severally liable, possibly regardless of fault and without any caps on liability, to remove or clean up such harm and to pay damages, including any resulting natural resource damages, arising from those environmentally hazardous substances. These risks could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.17.5 ***Volkswagen may not adequately protect its intellectual property and know-how or may be liable for infringement of third-party intellectual property.***

Volkswagen owns a large number of patents and other intellectual property rights, a number of which are of essential importance to Volkswagen's business success. Despite ownership of these rights, Volkswagen may fail to enforce claims against third parties to the extent required or desired. Volkswagen's intellectual property rights may be challenged and Volkswagen may not be able to secure such rights in the future. In particular, there is a heightened risk that Volkswagen

may not be in a position to secure all necessary intellectual property rights with respect to the development of new technologies, as part of Volkswagen's collaborative partnerships or otherwise.

Furthermore, third parties (including joint venture partners or partners in collaborative projects) may violate Volkswagen's patents and other intellectual property rights and Volkswagen may not be able to prevent such violations for legal or practical reasons. This applies to product piracy where Volkswagen's vehicles and components are copied, possibly with poor quality, resulting in additional reputational and warranty risks. Trade secrets and know-how that cannot be safeguarded through intellectual property rights are also important for Volkswagen's business success. Volkswagen may be unable to prevent disclosure of trade secrets.

Volkswagen may also infringe patents, trademarks or other third-party rights or may not have validly acquired service inventions. Furthermore, Volkswagen may not obtain the licenses necessary for its business success on reasonable terms in the future. If Volkswagen is alleged or determined to have violated third-party intellectual property rights, it may have to pay damages, modify manufacturing processes, redesign products or may be barred from marketing certain products. Volkswagen could also face costly litigation. These risks could lead to delivery and production restrictions or interruptions and materially adversely affect Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.17.6 ***Volkswagen is exposed to risks in connection with product-related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns.***

As a result of contractual and legal provisions, Volkswagen is obliged to provide extensive warranties to its dealers, importers and national distributors (quality defect liability) as well as, in certain countries, to customers. Volkswagen may face additional liability depending on the applicable laws and contractual obligations.

As a rule, Volkswagen forms provisions for these obligations on an ongoing basis. Nevertheless, relative to the guarantees and warranties that it grants, Volkswagen may have set the calculated product prices and the provisions for guarantee and warranty risks too low or may do so in the future. Volkswagen's suppliers have also provided guarantees and warranties, however, when claims are made against them, these suppliers may not be able to fulfill their obligations.

Supervisory authorities may request that Volkswagen performs recall campaigns and could compel a recall and modification of Volkswagen's products or components included in Volkswagen's products. Frequently, such recalls concern a smaller number of vehicles. However, substantial numbers of vehicles could also be affected. The risk of a recall of a substantial number of vehicles could be exacerbated due to Volkswagen's application of modular vehicle components that are used for the production of vehicles across brands and classes.

Due to the diesel issue, Volkswagen was ordered to initiate a comprehensive recall in various jurisdictions to retrofit certain of its vehicles to bring their emissions systems into compliance with pollution regulations. For more information, see "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities*." The related costs incurred to date are considerable and there could be additional substantial costs. There could be future recalls affecting additional jurisdictions and vehicles. The recalls could pose significant challenges to Volkswagen's dealers. Depending on the required repairs, in particular in the United States and Canada, dealers may lack sufficient technical capacities to implement the works on time. In addition, dealers may experience liquidity issues. To the extent Volkswagen is required to provide support to its dealer network in connection with any recalls, in particular in the United States, it may incur significant costs. Moreover, Volkswagen could be required to compensate dealers for any litigation claims they might face *vis-a-vis* their customers.

On May 5, 2016, the U.S. National Highway Traffic Safety Administration (NHTSA) announced, jointly with the Takata company, a further extension of the recall for various models from different manufacturers containing certain airbags produced by the Takata company. Recalls were also ordered by the local authorities in individual countries. The recalls also included models manufactured by the Volkswagen Group. Appropriate provisions have been recognized. Currently, the possibility of further extensions to the recalls that could also affect Volkswagen Group models cannot be ruled out and could, therefore, have an adverse financial impact.

Volkswagen may not have claims against third parties (for example suppliers) for expenses and costs associated with recalls or part exchanges. Volkswagen may have designed products with product defects or may manufacture faulty products. Moreover, Volkswagen may provide services as a courtesy or for reputational reasons although Volkswagen is not legally obligated to do so.

1.1.17.7 ***Volkswagen's existing insurance coverage may not be sufficient and insurance premiums may increase.***

Volkswagen has obtained insurance coverage in relation to a number of risks associated with its business activities that are subject to standard exclusions, such as willful misconduct. However, Volkswagen may suffer losses or claimants may bring claims that exceed the type and scope of Volkswagen's existing insurance coverage. Significant losses could lead to higher insurance premium payments. In addition, there are risks left intentionally uninsured based on Volkswagen's cost benefit analysis (such as, but not limited to, business interruption, interruptions following marine cargo damage, supplier insolvency, industrial disputes, specific natural hazards or comprehensive car cover), and Volkswagen therefore has no insurance against these events.

If Volkswagen sustains damages for which there is no or insufficient insurance coverage, or if it has to pay higher insurance premiums or encounters restrictions on insurance coverage, this may materially adversely affect Volkswagen's general business activities, net assets, financial position and results of operations.

1.1.17.8 ***Volkswagen faces regulatory risks in the aftermarkets and with respect to its genuine parts business. There are risks associated with Volkswagen's renegotiation of dealer agreements.***

Volkswagen maintains a European-wide distribution network with selected dealers and workshops based on standardized contracts that are adapted to European and local laws. For the distribution of new motor vehicles, Volkswagen uses quantitative and qualitative selection criteria. Generally, Volkswagen can limit the number of those dealers who fulfil the qualitative criteria. However, under Regulation (EU) No 330/2010 Volkswagen may be required to self-assess its situation and may be required to change its distribution contracts and admit further dealers into its network in markets where Volkswagen's market share may exceed 40%. Furthermore, as part of a new sales strategy, among other things, the renegotiation of agreements with dealers and importers could lead to disputes and expose Volkswagen to claims for damages.

Additionally, Volkswagen is obliged to grant access to technical information for independent market participants in accordance with the Euro 5/Euro 6 legislation (Regulation (EU) No 566/2011, Regulation (EC) No 715/2007 and Regulation (EC) No 692/2008). Due to ongoing political discussions in relation to potential future amendments of the Euro 5/Euro 6 legislation, Volkswagen might be required in the future to grant independent market participants access to technical information that goes beyond the current requirements, in particular to technical information on Volkswagen's genuine parts. The expansion of independent market participants' access to such information could give rise to additional expenses in connection with a review of existing arrangements and other costs that Volkswagen would have to bear in order to adapt to the new regulation. The regulations described above could also expose Volkswagen to greater competition in the aftermarkets.

Furthermore, the European Commission plans to end design protection for visible vehicle parts. If this plan is implemented, it could adversely affect Volkswagen's genuine parts business.

1.1.17.9 ***Volkswagen is exposed to tax risks, which could arise in particular as a result of tax audits or as a result of past measures.***

Volkswagen and its subsidiaries based in Germany are subject to regular tax audits. The most recent tax audit of the major Volkswagen Group companies based in Germany covered 2001 up to and including 2005. The tax assessment notices regarding this audit are available to Volkswagen and the back taxes have been paid. Volkswagen's foreign companies are subject to the audit requirements of their respective national tax authorities.

Ongoing or future tax audits may lead to demands for back taxes, tax penalties and similar payments. Such payments may arise, for example, from the full or partial non-recognition of intra-group transfer prices. In countries where there are no limitation periods for tax payments (such as China), Volkswagen may also face demands for back taxes relating to earlier periods.

Considerable tax risks could arise from the restructuring measures implemented at Porsche Automobil Holding SE ("**Porsche SE**") in 2009 (the merger of the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft with Porsche Holding Stuttgart GmbH (formerly: Porsche Zweite Zwischenholding GmbH)) and the subsequent spin-off to Dr. Ing. h.c. F. Porsche AG ("**Porsche AG**"), and from the indirect interest of Volkswagen AG in Porsche AG and the transfer of funds from Volkswagen AG's cash contribution to Porsche SE in the form of a loan. These measures could be viewed as tainted transactions during the blocking periods running until 2016, and consequently lead to subsequent taxation of the spin-offs. The internal reorganization and most of the other measures were discussed with the tax authorities and made the subject of binding rulings prior to their implementation. However, the binding rulings could cease to be valid if the actual circumstances differ from their presentation in the applications for the binding rulings. In addition, other measures could be implemented during the blocking periods running until 2016 that could give rise to subsequent taxation of the spin-offs implemented in 2009.

Volkswagen's provisions for tax risks may be insufficient to cover any actual settlement amount. Risks may also arise due to changes in tax laws or accounting principles. The occurrence of these risks could have a material adverse effect on Volkswagen's net assets, financial position and results of operations.

1.1.17.10 ***Volkswagen Financial Services AG, Volkswagen AG and Porsche SE are liable to the Bundesverband deutscher Banken e.V. (Association of German Banks) if the latter incurs losses as a result of having provided assistance to Volkswagen Bank.***

Volkswagen Bank GmbH, Braunschweig, Germany ("**Volkswagen Bank**") is a member of the Deposit Protection Fund of the Association of German Banks. The Deposit Protection Fund in principle protects all non-bank deposits, that is, deposits of private individuals, commercial enterprises and public-sector entities. Under the by-laws of the Association's Deposit Protection Fund, Volkswagen AG and Porsche SE have provided a declaration of indemnity for Volkswagen Bank. Under this declaration, they have agreed to hold the Association of German Banks harmless from any losses it incurs resulting from assistance provided to Volkswagen Bank. These circumstances may have a material adverse effect on Volkswagen's business, net assets, financial position and results of operations. Moreover, any rescue measures taken by the Deposit Protection Fund may result in a reputational damage.

1.1.17.11 ***In Germany, investors have brought conciliation and legal proceedings against Volkswagen AG in connection with Porsche SE's acquisition of Volkswagen AG shares, claiming significant damages for alleged breaches of capital market laws.***

In 2011, ARFB Anlegerschutz UG (*haftungsbeschränkt*) brought an action against Volkswagen AG and Porsche Automobil Holding SE for claims for damages for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche in 2008. The damages currently being sought are based on allegedly assigned rights and amount to approximately €2.26 billion plus interest. In April 2016, the District Court in Hanover had formulated numerous objects of declaratory judgement that the Cartel Senate of the Higher Regional Court in Celle will decide on in model case proceedings under the German Capital Markets Model Case Act (*Kapitalanleger-Musterverfahrensgesetz* — "**KapMuG**"). In the first hearing on October 12, 2017, the Senate indicated that it currently does

not see claims against Volkswagen AG as justified, both in view of a lack of substantiated submissions and for legal reasons. Some of the desired objects of declaratory judgment on the litigants' side may also be inadmissible, the Senate said.

At the time (2010/2011), other investors had also asserted claims arising out of the same circumstances – including claims against Volkswagen AG – in an approximate total amount of €4.6 billion and initiated conciliation proceedings. Volkswagen AG always refused to participate in these conciliation proceedings; since then, these claims have not been pursued further. Volkswagen AG continues to consider the alleged claims to be without merit.

In the future, Volkswagen could be subject to further lawsuits or conciliation proceedings in Europe or elsewhere arising from these facts. In the event of a settlement or an unfavorable decision in the conciliation or legal proceedings, Volkswagen AG could sustain considerable losses.

1.1.17.12 ***The European Commission's antitrust proceedings involving Scania AB and MAN SE have resulted in the imposition of fines and further damages are being sought. Volkswagen is also subject to further antitrust investigations.***

In 2011, the European Commission opened antitrust proceedings against European truck manufacturers including MAN and Scania. With its first decision following individual settlements in July 2016 the European Commission fined five European truck manufacturers excluding MAN and Scania. MAN was not fined as the company had informed the Commission about the cartel as a key witness. With regard to Scania, the Commission issued a contentious fine decision in September 2017 by which a fine of EUR 0.88 billion was imposed. Scania has appealed to the European Court in Luxembourg. Depending on how the legal proceedings develop, actual fines may differ. In 2016, Volkswagen set aside a EUR 0.4 billion provision in connection with the proceedings. As is the case in any antitrust proceedings, further lawsuits from customers against MAN and Scania have been filed and will continue to be filed, which could result in substantial liabilities.

Volkswagen is also subject to an ongoing antitrust investigation by the European Commission in relation to potential collusion in the field of technical developments among certain European auto manufacturers. As part of an announced review, in November 2017, the European Commission examined documents in the offices of Volkswagen AG and AUDI AG. Prior to and following the examination, Volkswagen Group companies concerned have been cooperating fully and for a long time with the European Commission and have submitted a corresponding application. In September 2018, the European Commission opened a formal investigation into this matter, restricting the scope of the investigation to the subject of clean emissions technology.

Furthermore, Volkswagen is subject to an ongoing antitrust investigation by the German Federal Cartel Office in relation to potential anti-competitive behavior with regard to steel purchasing. Following proceedings against steel manufacturers on alleged price fixing, the Federal Cartel Office in June 2016 extended the scope of its investigation to certain steel processing companies as well as other steel customers including Volkswagen and in this context carried out an on-site inspection in the offices of Volkswagen AG in June 2016. The Volkswagen Group companies concerned are cooperating fully with the Federal Cartel Office.

The above proceedings are currently pending, and it is too early to assess the potential consequences of the investigation on Volkswagen.

1.1.17.13 ***Volkswagen is subject to risks arising from legal disputes and government investigations.***

In connection with its general business activities, Volkswagen, as well as entities in which Volkswagen holds a direct or indirect interest, are currently the subject of legal disputes and government investigations in Germany as well as abroad, and may continue to be so in the future. Such disputes and investigations may, in particular, arise from Volkswagen's relationships with authorities, suppliers, dealers, customers, employees or investors. Volkswagen may be required to pay fines, or take or refrain from taking certain actions. To the extent customers, particularly in the United States, assert claims for existing or alleged vehicle defects individually or in a class-

action lawsuit, Volkswagen may have to undertake costly defense measures, reimburse plaintiffs' legal fees and pay significant damages, including punitive damages. Complaints brought by suppliers, dealers, investors or other third parties (such as governmental authorities or patent exploitation companies) in the United States and elsewhere may also result in significant costs, risks or damages. This particularly relates to current and future class-action lawsuits, actions relating to patent rights and antitrust disputes among others. On November 1, 2018, the German Act on Model Declaratory Action came into effect, allowing certain entities to file an action for declaratory judgment on behalf of consumers. This new law may lead to an increase in consumer litigation in Germany, including with respect to diesel-related litigation against Volkswagen.

Furthermore, there may be investigations by governmental authorities in connection with Volkswagen's compliance with regulatory requirements, in particular where Volkswagen's and the regulators' interpretation of the applicable requirements differ. Uncertainties or differing assessments of risk surrounding enforcement or regulatory interpretations could result in substantial costs, including civil and criminal penalties. Investigations could relate to circumstances of which Volkswagen currently is not aware, or which have already arisen or will arise in the future, including supervisory and environmental law, competition law, state aid or criminal proceedings.

Where the risks arising from legal disputes and investigations can be assessed and insurance coverage is economically sensible, Volkswagen has purchased customary insurance coverage or recognized provisions or contingent liabilities in relation to these risks. However, as certain risks cannot be estimated or can be estimated only with difficulty, Volkswagen may incur losses that are not covered by insurance or provisions. In particular, this is the case concerning estimations of legal risks arising out of the diesel issue. As a result, legal risks could have a material adverse effect on Volkswagen's reputation, business, net assets, financial position and results of operations.

See also "*Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities*."

1.2 Risk Factors regarding Volkswagen International Finance N.V.

Risk is defined as the possibility of negative future developments in the economic situation of VIF. The principal risks to which VIF is exposed are described below.

1.2.1 *Risk related to exhaust emissions*

Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any future investigations, and criminal litigation may have a material adverse effect on Volkswagen's business, financial position, results of operations and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities.

VIF's commercial success largely depends on the financial health and reputation of its ultimate shareholder, Volkswagen AG. The diesel issue could have, among others, the following effects:

- Further downgrading of Volkswagen's credit ratings might render VIF's funding sources less efficient and more costly and therefore VIF may refinance on unfavorable terms and conditions;

- Due to the investigations, VIF as an issuer may face risks arising from legal disputes from investors claiming damages for alleged breaches of applicable laws.

1.2.2 *Risk of counterparty default*

Risk of counterparty default is defined as the possible loss in value due to non-payment by a customer or deterioration of his creditworthiness. A distinction is made between credit risks, counterparty risks, country risks and shareholder risks.

1.2.3 *Credit risk*

Credit risk is defined as the risk of a partial or total default of contracted interest payment or principal payment by a borrower. Credit risks mainly result from loans granted to group and joint venture companies and bank deposits as well as cross currency and interest rate swaps. Credit risk represents the largest component of the indicated risk factors affecting VIF. Risk acceptance is approved by the Board of Management and the Supervisory Board regularly monitors VIF's risk profile. Lending guidelines regulate credit processes and competences.

1.2.4 *Counterparty risk*

Counterparty risk arises from overnight money and time deposit investments carried out in the inter-bank sector as well as derivatives transactions.

1.2.5 *Country risk*

Country risk includes risks in the course of international business, which do not result from the contracting party itself, but are due to its foreign investments. For example, critical political or economic developments as well as difficulties in the entire finance system in this country can lead to the fact that agreed trans-border capital payments (interest and repayment) cannot take place or take place incompletely or delayed, due to difficulties of transfer by reason of mandatory measures by a foreign state.

The evaluation of country risks is based on the assessments of the long-term foreign currency liabilities of a state (sovereign ratings) by the rating agencies Moody's and Standard & Poor's.

1.2.6 *Shareholder risk*

Shareholder risk is defined as the risk of losses negatively affecting the shareholding book value.

1.2.7 *Market risk*

Market risks signify potential losses because of disadvantageous changes of market prices or price-influencing parameters. At VIF, market risk is subdivided into interest rate risks and currency risks.

1.2.8 *Interest rate risk*

Interest rate risk includes potential losses from changes in market rates. These risks result from refinancing at non-matching interest periods and from different degrees of interest rate elasticity of individual assets and liabilities.

1.2.9 *Currency risk*

Currency risk means the possible negative evolution of the exchange rate of a foreign currency in relation to the Euro, which is the base currency of VIF. These changes could then create a negative result if in a specific currency assets and liabilities do not match (currency position).

1.2.10 *Liquidity risk*

Liquidity risk could occur when the receivables dates do not match the corresponding liability dates. Although VIF has access to multiple funding sources, such as a debt issuance programme and a commercial paper programme as well as the possibility to benefit from the parent company's facilities, it is still exposed to the liquidity risk. The prime objective of cash flow management at VIF is to ensure the ability to pay at all times.

1.2.11 ***Refinancing risk***

Refinancing risks can be described as the possibility of not being able to meet finance requirements of affiliated group companies or subsidiaries, due to worsening markets conditions on the capital market, such as significant negative alteration of Volkswagen's credit rating, growing economic instability or negative changes in solvency for major international banks, possibly undermining VIF's ability to refinance itself.

1.2.12 ***Operational risk***

Operational risk is the term used for the threat of losses due to inadequate or failing internal processes, personnel and systems. This also takes into account risks that result from external factors such as natural disasters, terrorist attacks, political unrest or legal risks.

1.2.13 ***IT and system risk***

VIF's information technology ("**IT**") is exposed to risks that occur when one or more fundamental security objectives such as confidentiality, integrity and availability of data and services are threatened by weak spots in either the organization or in the use or administration of IT systems.

1.2.14 ***Personnel risk***

Personnel risks may result from high personnel turnover, insufficient availability of personnel, inadequate personnel qualification and human error.

1.2.15 ***Legal risk***

Legal risk is the risk arising from the failure to comply with applicable legal and regulatory requirements and the risk of liability and other costs imposed under various laws and regulations, including changes in legislation and new regulatory requirements or incurred as a result of litigation.

Although the tax department, supported by local advisors, monitors the international tax situation, some risks, such as the introduction of withholding taxes or other restrictive tax implications for one of its contract parties, as described above, could occur during the lifetime of its assets and liabilities, thus causing negative tax implications with regard to (re)payment of principal or interest funds.

1.2.16 ***Dutch tax risks related to the new government's approach on tax avoidance and tax evasion***

On 10 October 2017, the new Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. On 23 February 2018, the Dutch State Secretary for Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. The Dutch government released its Tax Plan 2019 as part of Budget Day 2018 on 18 September 2018 and made certain amendments to the Tax Plan 2019 in memoranda of amendments published on 26 October 2018, which include, among others, certain legislative proposals based on the policy intentions as mentioned in the coalition agreement and aforementioned letter on tax avoidance and tax evasion. Two policy intentions (for which no legislative proposals have been published yet) in particular may become relevant within the context of the Dutch tax treatment of the Issuer, the Notes, and/or payments in respect of the Notes.

The first policy intention relates to the introduction of a conditional "withholding tax" on interest paid to creditors in low tax jurisdictions or non-cooperative jurisdictions as of 2021. A legislative proposal introducing a similar conditional withholding tax on dividends and the supporting parliamentary documents thereto mention that, like the conditional dividend withholding tax, this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group or related entity (as defined in the legislative proposal on the conditional dividend withholding tax) in a low tax or non-cooperative jurisdiction. However, it cannot be ruled

out that the conditional withholding tax on interest will have a wider application and, as such, it could potentially be applicable to payments in respect of the Notes.

On 26 October 2018, the Dutch government published certain memoranda of amendments in which it is announced that, among others, the introduction of the conditional withholding tax on dividends will be postponed (and the current Dutch dividend withholding tax will not be abolished). The introduction of the conditional withholding tax on interest and royalties will not be postponed. A legislative proposal is still expected to be published in 2019.

The second policy intention relates to the introduction of a "thin capitalisation rule" as of 2020 that would limit the deduction of interest on debt exceeding 92% of the commercial balance sheet total. The heading in the coalition agreement, the annex to the letter on tax avoidance and tax evasion and the legislative proposal on the conditional withholding tax on dividends suggest that this thin capitalisation rule will apply solely to banks and insurers. However, it cannot be ruled out that it will have a generic application and, as such, it could potentially be applicable to other taxpayers (including the Issuer).

Many aspects of these policy intentions remain unclear. However, if the policy intentions are implemented they may have an adverse effect on the Issuer and its financial position in which case the Issuer may redeem the Notes pursuant to its option under Condition 5, paragraph 2 (*Early Redemption for Reasons of Taxation*).

1.3 Risk Factors regarding the Notes

1.3.1 *Notes may not be a suitable investment for all investors*

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

1.3.2 *Liquidity risk*

Application has been made to the Luxembourg Stock Exchange for Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. Regardless of whether the Notes are listed and admitted to trading or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed and admitted to trading does not necessarily lead to greater liquidity compared to unlisted Notes. If the Notes are not listed on any exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

1.3.3 *Market price risk*

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The Holder of Notes is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the Holder sells the Notes prior to the final maturity of the Notes. If the Holder decides to hold the Notes until final maturity the Notes will be redeemed at their principal amount.

1.3.4 *Currency risk*

The Floating Rate Notes and the Euro Notes are denominated in Euro and the Sterling Notes are denominated in Pounds Sterling. If such currencies represent a foreign currency to a Holder, such Holder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the Holder's home currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

1.3.5 *Risk of early redemption*

The Issuer has the right to call the Notes prior to maturity for reasons of taxation. If the Issuer redeems the Notes prior to maturity, a Holder of the Notes is exposed to the risk that due to early redemption his investment may have a lower than expected yield. The Issuer might exercise his call right if the yield on comparable Notes in the capital market falls which means that the investor may only be able to reinvest the redemption proceeds in Notes with a lower yield.

1.3.6 *Fixed rate notes*

A holder of fixed rate notes is exposed to the risk that the price of such notes falls as a result of changes in the market interest rate. While the nominal interest rate of fixed rate notes is fixed during the life of such notes, the current interest rate on the capital market ("market interest rate") typically changes on a daily basis. As the market interest rate changes, the price of fixed rate notes also changes, but in the opposite direction. If the market interest rate increases, the price of fixed rate notes typically falls, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate falls, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the holder of fixed rate notes holds such notes until maturity, changes in the market interest rate are without relevance to such holder as such notes will be redeemed at the principal amount of such notes.

1.3.7 *Floating rate notes*

A holder of floating rate notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of floating rate notes in advance. In the event that the reference rate used to calculate the applicable interest rate turns negative, the interest rate will be below the margin, if any, and may be zero and accordingly, the holders of floating rate notes may not be entitled to interest payments for certain or all interest periods.

Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of floating rate notes.

1.3.8 *The Floating Rate Notes are exposed to risk of financial benchmark and reference interest rate continuity.*

Reference rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years,

been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of EURIBOR or its discontinuation, could have a material adverse effect on the Floating Rate Notes.

The Conditions of Issue of the Floating Rate Notes provide that each Rate of Interest shall be determined by reference to the Screen Page (or its successor or replacement). In circumstances where the Reference Rate is discontinued, neither the Screen Page, nor any successor or replacement may be available (all defined terms in this section as defined in the Conditions of Issue of the Floating Rate Notes).

Where neither the Screen Page nor a successor or replacement is available, the Conditions of Issue of the Floating Rate Notes provide for the Reference Rate to be determined by the Calculation Agent by reference to quotations from banks. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of the Reference Rate), the Reference Rate may ultimately revert to the Reference Rate applicable as at the last Interest Determination Date before the Reference Rate was discontinued. Uncertainty as to the continuation of the Reference Rate, the availability of quotes from banks, and the rate that would be applicable if the Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in § 3(5)(g) of the Conditions of Issue of the Floating Rate Notes) (which, amongst other events, includes the permanent discontinuation of the Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or an Alternative Rate to be used in place of the Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in the Floating Rate Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Reference Rate were to continue to apply in its previous form.

If a Successor Rate or an Alternative Rate is determined by the Independent Adviser, the Conditions of Issue of the Floating Rate Notes also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to the Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to the Holders. If no Adjustment Spread can be determined, a Successor Rate or an Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in the Floating Rate Notes performing differently (which may include payment of a lower Rate of Interest) than they would if the Reference Rate were to continue to apply in its previous form.

Furthermore, if a Successor Rate or an Alternative Rate or an Adjustment Spread is determined by the Independent Adviser, the Conditions of Issue of the Floating Rate Notes provide that, subject to the Issuer giving notice thereof, the Conditions of Issue of the Floating Rate Notes may be amended, as necessary, to ensure the proper operation of such Successor Rate, Alternative Rate or Adjustment Spread, without any requirement for consent or approval of the Holders.

The Issuer may be unable to appoint an Independent Adviser, or the Independent Adviser may not be able to determine a Successor Rate or an Alternative Rate in accordance with the Conditions of Issue of the Floating Rate Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable to determine a Successor Rate or an Alternative Rate before the next Interest Determination Date, the Reference Rate for the next Interest Period will be the Reference Rate applicable as at the last Interest Determination Date before the occurrence of the

Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Reference Rate will be the initial Reference Rate.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed to determine a Successor Rate or an Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next Interest Determination Date and/or to determine a Successor Rate or an Alternative Rate to apply to the next and any subsequent Interest Periods, as necessary.

Applying the initial Reference Rate or the Reference Rate applicable as at the last Interest Determination Date before the occurrence of the Benchmark Event will result in the Floating Rate Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Reference Rate were to continue to apply, or if a Successor Rate or an Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or an Alternative Rate for the life of the Floating Rate Notes, the initial Reference Rate or the Reference Rate applicable as at the last Interest Determination Date before the occurrence of the Benchmark Event will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate notes.

1.3.9 ***Resolutions of Holders***

Since the Notes provide for the taking of votes without a meeting, a Holder is subject to the risk of being outvoted by a majority resolution of the Holders. As such majority resolution is binding on all Holders, certain rights of such Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled.

1.3.10 ***Holders' Representative***

If the Notes provide for the appointment of a Holders' Representative, either in the Terms and Conditions or by a majority resolution of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, such right passing to the Holders' Representative who is then exclusively responsible to claim and enforce the rights of all the Holders.

1.3.11 ***Payments under the Notes may be subject to withholding tax pursuant to FATCA.***

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime with respect to certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into intergovernmental agreements regarding the implementation of FATCA with a number of jurisdictions including the Netherlands and the Federal Republic of Germany. Based on the current FATCA rules and under the intergovernmental agreements, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, none of the Issuer, the Guarantor, any paying agent or any other person would pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

2. DESCRIPTION OF THE ISSUER

2.1 History and Development

Volkswagen International Finance N.V. (the "**Issuer**" or "**VIF**"), which is both the legal and the commercial name, was incorporated as a stock corporation (*naamloze vennootschap*) under the laws of The Netherlands for an indefinite period of time on April 15, 1977. It is registered with the Register of Commerce under No. 33148825. VIF is subject to the provisions of the Boek 2 Burgerlijk Wetboek (Book 2 of the Dutch Civil Code). VIF's registered office is in Amsterdam, The Netherlands; its head office is at Paleisstraat 1, 1012 RB Amsterdam, The Netherlands (telephone number +31 20 624 5971).

2.2 Articles of Association

The purposes of VIF according to Article 2 of its Articles of Association are to finance and to participate in companies and enterprises. VIF may borrow, raise and secure money in all manners expedient to it, especially by means of issuance of bonds, convertible bonds, stock and securities of indefinite currency term or otherwise, be it or be it not by binding some or all of its assets, present or future assets, including the capital not paid in, as well as to redeem or repay such securities.

2.3 Investments

There were no principal investments made since the date of the last published financial statements.

The management bodies of VIF have not formed firm decisions on principal future investments.

2.4 Organizational Structure / Shareholder Structure

Volkswagen AG is the ultimate parent company of the Volkswagen Group, which consists of numerous subsidiaries and affiliates in Germany and overseas. The Volkswagen Group's activities span two principal areas: the production and sale of passenger cars, commercial vehicles and spare parts (automotive) and the leasing and rental of cars as well as financing and other activities (financial services).

VIF is wholly-owned by its direct legal shareholder, Volkswagen Finance Luxemburg S.A. ("**VFL**"), which is a wholly-owned direct subsidiary of Volkswagen AG.

2.5 Share Capital

As of 31 December 2017, the authorized capital of VIF amounted to EUR 104,370,000 divided into 104,370 registered shares with a par nominal value of EUR 1,000 each, 103,035 of which were issued and fully paid-up.

2.6 Employees

During the year 2018, the average number of employees calculated on a full-time-equivalent basis is 13.

2.7 Business Overview

2.7.1 *Principal activities*

The main activity of VIF consists in financing the Volkswagen Group companies.

Within the financing business VIF issues notes under the EUR 30 billion debt issuance programme and commercial papers under a EUR 15 billion commercial paper programme. Furthermore, VIF occasionally issues bonds on a standalone basis to accommodate particular financing needs of the VW Group. Such issues include hybrid and convertible instruments as well as instruments targeted at special markets such as, inter alia, the Asian market. Both programmes, and the standalone bonds issued by VIF, are guaranteed by VIF's ultimate parent company Volkswagen AG. The funds raised are granted to Volkswagen Group companies.

As a holding company VIF owned the following subsidiaries on December 31, 2017:

Company name	Main activity	Country of Registration	Participation (%)	Equity (Million EUR)	Year of acquisition
VW Autoeuropa, Lda.....	Production of vehicles	Portugal	26	133.0	2006/2008
VW Group Saudi Arabia LLC	Import of vehicles	Kingdom of Saudi Arabia	51	4.8	2013

In addition to the participations in the above listed Volkswagen Group companies in which VIF holds interests greater than 20%, VIF also holds 9.01% capital interest and 99% of voting rights in Volkswagen India Private Limited as well as 1 share in the capital of Volkswagen International Belgium S.A. For VW Group Saudi Arabia LLC and Volkswagen India Private Limited VIF has concluded de-domination agreements (Stimmbindungsvereinbarungen) with its parent company VFL regarding the execution of the voting rights in these companies. As of May 2017, VIF also holds 1 share in the capital of Volkswagen do Brasil.

2.7.2 *Principal markets*

VIF finances Volkswagen Group companies primarily situated on the European, American and Asian market. Participations are held in Europe, Asia and in the Middle East.

2.8 Administrative, Management and Supervisory Bodies

2.8.1 *Management Board*

The Management Board of VIF consists of two members. Present members of the Management Board are:

Name	Additional Activities
Thomas Fries, Managing Director	Managing Director of Volkswagen Financial Services N.V., Amsterdam
	Managing Director of VW Finance Overseas B.V., Amsterdam
Vincent Delva, Managing Director	Secretary General of Volkswagen International Belgium S.A., Brussels
	Managing Director of Volkswagen Finance Luxemburg S.A., Strassen
	Managing Director of Volkswagen International Luxemburg S.A., Strassen
	Managing Director of MOIA Luxemburg S.A., Strassen
	Managing Director of Audi Luxemburg S.A., Strassen

2.8.2 *Supervisory Board*

The Supervisory Board of VIF consists of one or more members. Present members of the Supervisory Board are:

Name	Additional Activities
Stefan Rasche, Chairman	Chairman of the Management Board and Member of the Supervisory Board of Volkswagen International Belgium S.A., Brussels

Name	Additional Activities
	Member of the Management Board and Member of the Supervisory Board of Volkswagen Finance Belgium S.A., Brussels
	Chairman of the Supervisory Board of Volkswagen Finance Luxemburg S.A., Strassen
	Chairman of the Supervisory Board of Volkswagen International Luxemburg S.A., Strassen
Gudrun Letzel	Group Legal – Head of M&A and Foreign Holdings at Volkswagen AG, Wolfsburg
	Member of the Supervisory Board of Volkswagen Finance Luxemburg S.A., Strassen
	Member of the Supervisory Board of Volkswagen International Luxemburg S.A., Strassen
Björn Reinecke	Group Treasury – Head of Financial Markets at Volkswagen AG, Wolfsburg

The members of the Management Board and of the Supervisory Board can be contacted at the address of the head office of the Issuer at Paleisstraat 1, 1012 RB Amsterdam, The Netherlands.

There are no potential conflicts of interests between any duties of the members of the Management Board and the Supervisory Board owed to the Issuer and their private interests and/or other duties.

2.9 **Board Practices**

Pursuant to the Dutch Corporate Governance Decree of December 23, 2004 (as amended most recently amended on 29 August 2017, which amendment has taken effect on 1 January 2018) implementing further accounting standards for annual reports (*Besluit inhoud bestuursverslag*) and based on the listing of VIF's debt securities issued on regulated markets in the EU, VIF is subject to the less restrictive regime under the Corporate Governance Decree, pursuant to which the Corporate Governance Statement in VIF's annual report (directly or incorporated by reference) must contain information on the main features of VIF's internal control and risk management system in relation to the financial reporting process of VIF and its group companies. The Corporate Governance Statement in the Guarantor's 2017 annual report contains information on the main features of the internal control and risk management system in relation to the financial reporting process of the company and their group companies.

The integrity and quality of VIF's management is evaluated in accordance with instructions from the shareholder by a Board of Supervisory Directors consisting of 3 executives from the ultimate parent company. In addition, periodic internal and external audits are conducted of VIF's accounting and operations, including the risk management. VIF has no specific audit committee. The members of the Supervisory Board are in charge of all relevant tasks.

VIF's company works with proven transparent systems for accounting and treasury. All operations are subject to a so-called "4 eye principle" so that virtually all decisions and external instructions have to be approved by at least 2 persons in an effort to reduce the possibility of abuse of authority and privileges.

The management of risks in VIF's work particularly of its interest rate mismatch risks and foreign exchange position risks is subject to narrowly defined limits and monthly reporting apart from the frequent audits.

Members of management may not have other external functions, which could imply conflict of interest. Any other function requires the approval of the Board.

The Management Board has drawn up a code of conduct and monitors its effectiveness and compliance with this code, both the part of itself and of the employees of the company. The management board has informed the Supervisory Board of its findings and observations relating to the effectiveness of, and compliance with, the code. The code of conduct has been published on VIF's website.

2.10 **Selected Financial Information**

The following tables show selected financial information of VIF extracted without material adjustment from the financial statements, for the periods indicated and prepared in accordance with accounting standards generally accepted in The Netherlands (Dutch GAAP):

	As of and for the year ended December 31	
	2017	**2016**
	(audited)	
	in EUR thousands	
Key Financial Information (Dutch GAAP)		
Total assets	35,563,470	27,406,756
Shares in participations	137,799	142,610
Loans to and receivables due from Volkswagen Group companies	35,346,785	27,123,167
Receivables due from joint ventures of Volkswagen Group	3,519	10,362
Total receivables from loans	35,350,304	27,133,529
Total shareholder's equity	268,558	203,805
Liabilities from external funding activities (bonds and commercial papers)	34,414,701	26,426,493
Liabilities to Volkswagen Group companies	398,655	367,501
Total liabilities from funding activities	34,813,356	26,793,994
Interest and similar income	781,825	695,901
Interest and similar expenses	−746,435	−673,029
Result from shares in participations	6,734	5,902
Fees received and other operating income	42,436	2,129
Impairment of shares in participations	−4,812	−21,986
Other expenses	−6,586	−4,498
Result before taxation	73,162	4,419
Taxation	−12,409	−5,100
Result after taxation	60,753	−681
Net cash flow current year	−65,670	−369,289

	As of and for the six month period ended June 30	
	2018	**2017**
	(Unaudited)	
	in EUR thousands	
Key Financial Information (Dutch GAAP)		
Total assets	38,815,398	37,046,236
Shares in participations	136,504	142,610
Loans to and receivables due from Volkswagen Group companies	38,524,204	36,703,219
Receivables due from joint ventures of Volkswagen Group	-	1,334
Total receivables from loans	38,524,204	36,704,553
Total shareholder's equity	215,270	260,786
Liabilities from external funding activities (bonds and commercial papers)	37,747,701	36,155,647
Liabilities to Volkswagen Group companies	556,254	357,375
Total liabilities from funding activities	38,303,955	36,513,022
Interest and similar income	417,688	355,158
Interest and similar expenses	−399,109	−341,177
Result from shares in participations	8,164	46,951
Fees received and other operating income	942	1,024
Impairment of shares in participations	−1,294	−
Other expenses	−3,850	−1,635
Result before taxation	22,541	60,321
Taxation	−5,829	−3,340
Result after taxation	16,712	56,981
Net cash flow current period	89,150	22,433

2.11 Interim Financial Information

VIF publishes short-form financial reports as of 30 June each year.

2.12 Third Party Information and Statement by Expert and Declarations of any Interest

There are no third party information and statements by experts and declarations of any interest regarding VIF.

2.13 Legal and Arbitration Proceedings

As of the date of this Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings nor is the Issuer aware of any such proceedings pending or being threatened, the results of which have had during the previous 12 months, or which could, at present, have a significant effect on its financial position or profitability. However, as a result of the recent investigations in relation to the diesel issue, VIF as an issuer may in future face legal disputes from investors claiming damages for alleged breaches of applicable laws.

3. DESCRIPTION OF THE GUARANTOR

3.1 History and Development

Volkswagen Aktiengesellschaft was incorporated under German law as "*Gesellschaft zur Vorbereitung des deutschen Volkswagens mbH*" (Limited Liability Company for the Development of the German Volkswagen) which was founded in Berlin on May 28, 1937. The company was renamed "*Volkswagenwerk Gesellschaft mit beschränkter Haftung*" (Volkswagenwerk limited liability company) in 1938. The company was later converted into a joint stock corporation under German law which was entered into the commercial register (*Handelsregister*) at Wolfsburg local court (*Amtsgericht*) on August 22, 1960. The name was changed to "VOLKSWAGEN AKTIENGESELLSCHAFT" by resolution of the Annual Meeting on July 4, 1985 which is the legal and commercial name of Volkswagen AG.

Volkswagen AG is located in Wolfsburg. Since August 1, 2005 it has been listed in the commercial register (*Handelsregister*) at the Braunschweig local court (*Amtsgericht*) under the number HRB 100484. Volkswagen AG is subject to the provisions of the German Stock Corporation Act (*Aktiengesetz*). Its head office and registered office are located at Berliner Ring 2, 38440 Wolfsburg, Germany (telephone number + 49 (0) 5361 9-0).

3.2 Articles of Association

The objects of Volkswagen AG, according to § 2 of its Articles of Association, are the manufacture and sale of vehicles and engines of all kinds, their accessories, and all other equipment, machinery, tools and other technical products.

Volkswagen AG is entitled to conduct all business and take all measures connected with these objects or as appear capable of furthering such objects directly or indirectly. For this purpose, Volkswagen AG may establish branch offices within Germany and abroad or can found, acquire or participate in other enterprises.

3.3 Organizational Structure

Volkswagen 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 Volkswagen Group business activities comprise two divisions: the Automotive Division and the Financial Services Division.

The Automotive Division is composed of three business areas: Passenger Cars, Commercial Vehicles and Power Engineering. The Passenger Cars business area essentially consolidates the Volkswagen Group's passenger car brands. Activities focus on the development of vehicles and engines, the production and sale of passenger cars, and the genuine parts business. The Commercial Vehicles business area primarily comprises the development, production and sale of light commercial vehicles, trucks and buses from the Volkswagen Commercial Vehicles, Scania and MAN brands, the corresponding genuine parts business and related services. The Power Engineering business area combines the large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems businesses. The Financial Services Division combines dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Volkswagen Group's brands, but also produces and sells vehicles, in particular passenger cars and light commercial vehicles for the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands. In its function as parent company, Volkswagen AG holds direct and indirect interests in AUDI AG, SEAT S.A., ŠKODA AUTO a.s., Dr. Ing. h.c. F. Porsche AG, Scania AB, MAN SE, Volkswagen Bank GmbH, Volkswagen Financial Services AG and numerous other companies in Germany and abroad.

In May 2018, Volkswagen introduced an additional internal operating structure, which is being gradually implemented. The Volkswagen Group brands will collaborate along six units and the China region.

The units will consist of (1) the "Volume brand group", (2) the "Premium brand group" and (3) the "Sport & Luxury brand group", (4) the "Truck & Bus brand group", (5) the Components & Procurement business and (6) the Financial Services business.

The "Volume brand group" comprises the Volkswagen Passenger Cars, SEAT, ŠKODA and Volkswagen Commercial Vehicles brands. The "Premium brand group" includes the Audi, Lamborghini and Ducati brands. The "Sport & Luxury brand group" comprises the Porsche, Bentley and Bugatti brands. The "Truck & Bus brand group" is the umbrella for the Scania and MAN brands. With effect from August 30, 2018, Volkswagen Truck & Bus AG became TRATON AG. Within the "Truck & Bus brand group", TRATON GROUP is designed to combine the brands' respective strengths and know-how in order to create a new environment for transportation solutions. TRATON is preparing Volkswagen's trucks and bus business for capital markets readiness. In this context, Volkswagen AG and TRATON AG agreed in October 2018 on the sale of MAN's Power Engineering business to a Volkswagen Group subsidiary. The sale is intended to be completed by year-end 2018. The Components & Procurement business intends to act as one central unit, which spans across and supports all brands. The placement of Lamborghini, Ducati and Power Engineering within the new additional internal operating structure is currently being reviewed.

The new structure will lay the foundations for streamlining the Volkswagen Group's management decision making, strengthening the brands and giving them greater autonomy. Volkswagen believes this will enable synergies to be leveraged more systematically and speed up decision-making, thus establishing more efficient group management in a phase of dynamic changes in the company and the entire automotive industry. In 2018, no material modifications or changes of Volkswagen Group's organizational or financial reporting structure will be implemented as a result of this revision of Volkswagen's internal operating structure. Effective from January 1, 2019, segment reporting of passenger cars and commercial vehicles will be adapted due to the reallocation of the Volkswagen Commercial Vehicles brand to the Passenger Cars segment.

3.4 **Volkswagen Group**

Automotive Division			**Financial Services Division**
Passenger Cars Business Area	**Commercial Vehicles Business Area**	**Power Engineering Business Area**	
Volkswagen Passenger Cars Audi ŠKODA SEAT Bentley Porsche Automotive Others	Volkswagen Commercial Vehicles Scania Vehicles and Services MAN Commercial Vehicles	MAN Power Engineering	Dealer and customer financing Leasing Direct bank Insurance Fleet management Mobility offerings

3.5 **Shareholder Structure**

Volkswagen AG's subscribed capital amounted to EUR 1,283,315,873.28 as of December 31, 2017.

The distribution of voting rights for the 295,089,818 ordinary shares at December 31, 2017 was the following: Porsche Automobil Holding SE, Stuttgart, held 52.2% of the voting rights. The second-largest shareholder was the State of Lower Saxony, which held 20.0% of the voting rights. Qatar Holding LLC was the third-largest shareholder, with 17.0%. The remaining 10.8% of ordinary shares were attributable to other shareholders.

Notifications of changes in voting rights in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz* (WpHG)) are published on Volkswagen AG's website. The following table shows the shareholder structure of Volkswagen AG as a percentage of subscribed capital:

Porsche Automobil Holding SE	30.8%
Foreign institutional investors	24.5%
Qatar Holding LLC	14.6%
State of Lower Saxony	11.8%
Private shareholders / Others	15.7%
German institutional investors	2.7%

3.6 General Meeting of Shareholders

The annual General Meeting of Shareholders is to be held in Wolfsburg or in a German city where a stock exchange is located or at another appropriate place in Germany within the first eight months of each financial year.

3.7 Share Capital

On December 31, 2017, the share capital of Volkswagen AG amounted to EUR 1,283,315,873.28. It was composed of 295,089,818 ordinary shares and 206,205,445 non-voting preferred shares. Each share conveys a notional interest of EUR 2.56 in the share capital. All shares have been issued and are fully paid.

3.8 Diesel Issue

On September 18, 2015, the U.S. Environmental Protection Agency ("**EPA**") publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide ("**NOx**") emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the United States. In this context, Volkswagen AG announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around eleven million vehicles worldwide with type EA 189 diesel engines. On November 2, 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in U.S. vehicles with type V6 3.0 l diesel engines.

Numerous court and governmental proceedings were subsequently initiated in the United States and the rest of the world. Volkswagen was able to end many significant court and governmental proceedings in the United States by concluding settlement agreements. Outside the United States, Volkswagen also reached agreements with regard to the implementation of technical measures with numerous authorities.

In the United States, Volkswagen AG, AUDI AG, Volkswagen Group of America, Inc. and certain affiliates reached settlement agreements with (i) the U.S. Department of Justice ("**DoJ**") on behalf of the EPA and the State of California on behalf of the California Air Resources Board ("**CARB**") and the California Attorney General, (ii) the U.S. Federal Trade Commission ("**FTC**"), and (iii) private plaintiffs represented by a Plaintiffs' Steering Committee (the "**PSC**") in a multi-district litigation in California. The settlement agreements resolved certain civil claims made in relation to affected diesel vehicles in the United States: approximately 475,000 vehicles with four-cylinder 2.0 liter TDI diesel engines from the Volkswagen Passenger Cars and Audi brands and around 83,000 vehicles with six-cylinder 3.0 liter TDI diesel engines from the Volkswagen Passenger Cars, Audi and Porsche brands.

The settlement agreements with respect to the four-cylinder 2.0 liter TDI diesel engine vehicles and the Generation 1 six-cylinder 3.0 liter TDI diesel engine vehicles provide affected customers with, inter alia, the option of a buyback, a trade-in (for 3.0 liter vehicles only), a free emissions modification of the vehicles (if the modification is approved by the EPA and CARB) or – for leased vehicles – early lease termination. Pursuant to the settlement agreements, Volkswagen will also make additional cash payments to affected current owners or lessees as well as certain former owners or lessees. For Generation 2 3.0 liter vehicles, Volkswagen will provide affected consumers with a free emissions compliant repair of the vehicles plus a cash payment. In addition, Volkswagen will pay U.S.$2.925 billion over three years to support environmental programs and offset excess NOx emissions and will also invest in total U.S.$2.0 billion over ten years in zero emissions vehicle infrastructure in the United States. Volkswagen will make additional payments

to support the availability of zero emissions vehicles in California. Several thousand consumers have opted out of the settlement agreements, and many of these consumers have filed civil lawsuits seeking monetary damages for fraud and violations of state consumer protection acts. A large number of those lawsuits have been filed in Virginia. The Virginia state court has set trial dates for four trials involving four-cylinder and six-cylinder vehicles, with the first trial scheduled to begin in April 2019.

Volkswagen AG has also entered into agreements to resolve U.S. federal criminal liability relating to the diesel issue and to resolve civil penalties and injunctive relief under the Clean Air Act and other civil claims relating to the diesel issue. The coordinated resolutions involve four settlements, including a plea agreement between Volkswagen AG and the DoJ that is accompanied by a published Statement of Facts, acknowledged by Volkswagen AG, which lays out relevant facts. As part of its plea agreement, Volkswagen AG has pleaded guilty to three felony counts under United States law – including conspiracy to commit fraud, obstruction of justice and using false statements to import cars into the United States – and has been sentenced to three years' probation. The plea agreement provides, *inter alia*, for payment of a criminal fine of U.S.$2.8 billion and the appointment of an independent monitor for a period of three years who will assess and oversee the compliance with the terms of the resolutions. Larry D. Thompson was appointed as the independent monitor in April 2017. Mr. Thompson submitted his initial review report under the plea agreement in March 2018. Additionally on August 17, 2018, Mr. Thompson submitted his first annual report pursuant to the third partial consent decrees entered into the DoJ and EPA as well as the state of California and CARB. Volkswagen is working to address the recommendations set forth in Mr. Thompson's reports.

Volkswagen AG, AUDI AG and other Volkswagen Group companies have further agreed to pay a combined civil penalty of U.S.$1.45 billion to resolve U.S. federal environmental and customs-related claims in the United States. Furthermore, Volkswagen AG and Volkswagen Group of America, Inc. have agreed to pay a smaller civil penalty to the DoJ to settle other potential claims arising under Federal statute. DoJ investigations into the conduct of various individuals relating to the diesel issue remain ongoing. Volkswagen is required to cooperate with these investigations. In the event of non-compliance with the terms of the plea agreement, Volkswagen could face further penalties and prosecution.

Volkswagen has also reached separate settlement agreements with the attorneys general of most U.S. states to resolve existing or potential consumer protection, unfair trade practices claims, and/or state environmental law claims. Certain states still have pending consumer protection, unfair trade practices and state environmental law claims against Volkswagen. Investigations by various U.S. regulatory and other government authorities, including in areas relating to securities, tax and financing, are ongoing. For example, the SEC has requested information regarding potential violations of securities laws, in connection with issuances of bonds, and asset-backed securities sponsored, by Volkswagen entities, as a result of nondisclosure of certain Volkswagen diesel vehicles' noncompliance with U.S. emission standards. In January 2017, the SEC informed Volkswagen that it had issued a formal order of investigation; the investigation is ongoing, and the SEC could bring an enforcement action against Volkswagen arising out of this investigation.

Volkswagen has also resolved the claims of most Volkswagen-branded franchise dealers in the United States relating to the affected vehicles and other matters asserted concerning the value of the franchise. The settlement agreement includes a cash payment of up to U.S.$1,208 million and additional benefits. Certain individual Volkswagen branded franchise dealers have either opted out of the settlement agreement or were not included in the settlement class definition and are pursuing individual claims in individual actions currently pending in the federal multidistrict litigation in California. Similarly, a putative class action of Volkswagen salespersons who work at franchise dealerships filed suit alleging claims for lost income, which is currently pending in the federal multidistrict litigation in California.

In Canada, which has the same NOx emissions limits as the United States, civil consumer claims and regulatory investigations have been initiated for vehicles with 2.0 liter and 3.0 liter diesel engines. In December 2016, and subject to court approval that was granted in April 2017, Volkswagen AG and other Volkswagen Group companies reached a class action settlement in Canada with consumers relating to 2.0 liter diesel vehicles which, *inter alia*, provides eligible owners and lessees with cash payments and, if applicable, the option of a free emissions

modification of their vehicle if approved by U.S. regulators, a buyback, a trade-in or – for leased vehicles – early lease termination. Concurrently with the announcement of the class settlement in December 2016, Volkswagen Group Canada also agreed with the Commissioner of Competition in Canada to a civil resolution of its regulatory inquiry into consumer protection issues as to 2.0 liter diesel vehicles. In June 2017, Volkswagen Group Canada reached an agreement, without court process and on confidential terms, with its Volkswagen-branded franchise dealers to resolve issues related to the diesel emissions matter. In January 2018, and subject to court approval that was granted in April 2018, Volkswagen AG and other Volkswagen Group companies reached a consumer settlement in Canada involving 3.0 liter diesel vehicles. For Generation 1 3.0 liter diesel vehicles, the settlement provides affected consumers with, inter alia, the option of a buyback, a trade-in, a free emissions modification of their vehicle if approved by U.S. regulators or – for leased vehicles – early lease termination. For Generation 2 3.0 liter diesel vehicles, consumers who complete a free emissions compliant repair for their vehicles, as approved by U.S. regulators, are entitled to also receive a cash payment under the terms of the settlement. Concurrently with the announcement of the 3.0 liter class settlement in January 2018, Volkswagen Group Canada and the Canadian Commissioner of Competition reached a civil resolution related to consumer protection issues relating to 3.0 liter diesel vehicles. As to pending matters in Canada, a criminal enforcement related investigation by the federal environmental regulator is ongoing as to Volkswagen AG and Volkswagen Group Canada. Additionally, in the case of one provincial environmental regulator in Canada, Volkswagen AG was charged on September 15, 2017 with a quasi-criminal offense alleging that the company caused or permitted the operation of model year 2010-2014 Volkswagen and Audi 2.0 liter diesel vehicles that did not comply with prescribed emission standards. This matter has been postponed to a December 5, 2018 case conference pending ongoing evidence disclosure. No trial date has been set in the matter. On September 17, 2018, Volkswagen, Audi and certain affiliates sought leave to appeal to the Canadian Supreme Court further to a decision by the Quebec provincial court on January 24, 2018, authorizing an environmental class action seeking to assess whether punitive damages can be recovered. Moreover, putative class action and joinder lawsuits by consumers remain pending in certain provincial courts in Canada.

In November 2015, Volkswagen also reported that internal indicators had caused concerns that there might have been irregularities in determining CO2 figures for type approval of around 800,000 vehicles and, as a result, the CO2 values and therefore the fuel consumption data published for some vehicle models might have been stated incorrectly. Subsequent measurements performed in coordination with the relevant authorities showed that those concerns of possible irregularities in the CO2 figures for type approval proved to be not correct. Hence, the negative impact on Volkswagen's earnings of EUR 2 billion that had originally been expected in relation to this aspect of the CO2 issue was not confirmed. However, the public prosecutor's office in Braunschweig is investigating these circumstances.

In Germany, Volkswagen AG filed a criminal complaint against unknown individuals as did AUDI AG. Volkswagen AG and AUDI AG are cooperating with all responsible authorities in the scope of reviewing the incidents. The public prosecutor's office in Braunschweig has also initiated investigations against one current and two former Volkswagen AG Board of Management members regarding their possible involvement in potential market manipulation in connection with the diesel issue. In July 2018 the public prosecutor's office in Braunschweig formally opened a misdemeanor proceeding in this regard against Volkswagen AG. The Stuttgart public prosecutor's office also confirmed that it is investigating, among others, the former CEO of Volkswagen AG in his capacity as member of the management board of Porsche SE, regarding his possible involvement in potential market manipulation in connection with this same issue. Moreover, the Stuttgart public prosecutor's office has commenced a criminal investigation into the diesel issue against one board member and two employees of Porsche AG on suspicion of fraud and illegal advertising. Furthermore, the public prosecutor's office in Munich II is investigating certain current and former employees in connection with the alleged anomalies in the NOx emissions of certain Audi vehicles with diesel engines in the United States and Europe, among others against the former CEO of AUDI AG, who is also a former member of Volkswagen AG's Board of Management.

In addition, in May 2018, federal prosecutors unsealed charges in Detroit against, among others, former Volkswagen CEO Martin Winterkorn, which had been filed under seal in March 2018. Mr. Winterkorn is charged with a conspiracy to defraud the United States, to commit wire fraud, and

to violate the Clean Air Act from at least May 2006 through at least November 2015, as well as three counts of wire fraud. Should these investigations result in adverse findings against the individuals involved, this could have a negative impact on the outcome of other proceedings against Volkswagen and/or could have other material adverse financial consequences.

There are additional regulatory, criminal and/or civil proceedings in several jurisdictions worldwide, particularly in South Korea, but also including Andorra, Argentina, Austria, Australia, Belgium, Brazil, Chile, China, Czech Republic, France, Germany, Greece, India, Ireland, Israel, Italy, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovenia, South Africa, Spain, Switzerland, Taiwan, Turkey and the United Kingdom. Further claims can be expected.

Customers, consumer associations and/or environmental associations in the affected markets have filed civil lawsuits against Volkswagen AG, other Volkswagen Group companies and non-Volkswagen Group importers and dealers involved in the sales process. In addition, it is possible that importers and dealers could assert claims against Volkswagen, for example through recourse claims. Further lawsuits are possible.

Product related class action, collective or mass proceedings against Volkswagen AG and other Volkswagen Group companies are pending in various countries such as Argentina, Australia, Austria, Belgium, Brazil, China, the Czech Republic, Germany, Israel, Italy, Mexico, the Netherlands, Poland, Portugal, South Africa, South Korea, Spain, Switzerland, Taiwan and the United Kingdom. These proceedings are lawsuits aimed among other things at asserting damages, rescission of the purchase contracts or, as is the case in the Netherlands, at a declaratory judgment that customers are entitled to damages.

Most of these proceedings – with the exception of the class action in Brazil, where there has already been a non-binding judgement in the first instance – are in the early stages and it is difficult to assess their prospects of success, the allegations and the claimants' precise causes of action or to quantify the exposure. However, should these actions be resolved in favor of the claimants, they could result in significant civil damages, fines, the imposition of penalties, sanctions, injunctions and other consequences.

Moreover, private and institutional investors from Germany and other jurisdictions (including the U.S. and Canada) are pursuing claims seeking significant damages against Volkswagen AG for allegedly omitting or delaying the immediate publication of price sensitive insider information relating to the diesel issue, and making wrongful financial reporting or false or misleading statements, as well as, in some cases, alleging tort and prospectus liability claims. The claims relate to Volkswagen AG's shares and other securities, including bonds, issued by Volkswagen Group companies, as well as third-party securities.

In Canada, a class action filed in Quebec provincial court has been authorized as to claims relating to Volkswagen AG's shares and ADRs, and a similar class action was also filed in the Province of Ontario. On August 15, 2018, the Ontario court dismissed the case on the basis that it lacked jurisdiction over the action, and, alternatively, that Ontario is not the convenient forum to try the action. An appeal from this Ontario court ruling was noticed on September 14, 2018. Further investor claims could be brought.

3.8.1 *Investigation Initiated by Volkswagen*

After the first Notice of Violation was issued, Volkswagen AG immediately initiated its own internal inquiries and an external investigation. The Supervisory Board of Volkswagen AG formed a special committee that coordinates the activities relating to the diesel issue for the Supervisory Board.

The global law firm Jones Day was instructed by Volkswagen AG to carry out an extensive investigation of the diesel issue in light of the DoJ's and the Braunschweig public prosecutor's criminal investigation as well as other investigations and proceedings which were expected at that time. Jones Day was instructed by Volkswagen AG to present factual evidence to the DoJ. To resolve U.S. criminal law charges, Volkswagen AG and the DoJ entered into a Plea Agreement,

which includes a Statement of Facts. The Statement of Facts is based in part on Jones Day's factual findings as well as the evidence identified by the DoJ itself.

Jones Day has completed the work required to assist Volkswagen AG in assessing the criminal charges against the company in the United States with respect to the diesel issue. However, work in respect of the legal proceedings that are still pending in the United States and the rest of the world is ongoing and will require considerable efforts and a considerable period of time. In connection with this further work, Volkswagen AG is being advised by a number of external law firms.

3.8.2 *Technical Measures*

Volkswagen is in contact with the KBA and further responsible authorities in multiple jurisdictions in order to provide technical measures suitable for each market. For further information, see "*Legal and Arbitration Proceedings — Proceedings related to Diesel Issue — Coordination with the authorities on technical measures*".

3.8.3 *Tax Issues*

Tax legislation varies from country to country and taxes related to vehicle registration or vehicle ownership are based on a variety of parameters. Investigations by various regulatory and government authorities, including in areas relating to tax, are ongoing. However, should any tax demands be made, Volkswagen may be required to make additional payments, which would thus increase costs.

3.8.4 *Risks*

In 2015, Volkswagen recognized expenses directly related to the diesel issue of €16.2 billion in operating result. This primarily entailed recognizing provisions for field activities (service measures and recalls) and for repurchases in the amount of €7.8 billion, as well as €7.0 billion for legal risks. Additional expenses of €6.4 billion were recognized in 2016. These additions resulted from an increase in expenses attributable to legal risks amounting to €5.1 billion, higher warranty costs amounting to €0.4 billion, specific sales programs amounting to €0.5 billion, impairment losses on inventories amounting to €0.3 billion and impairment losses on intangible assets and property, plant and equipment amounting to €0.3 billion, which were in part offset by impairment reversals of non-current and current lease assets in the amount of €0.1 billion. The impairment losses recognized on non-current assets resulted primarily from the lower value in use of various products in the Passenger Cars segment due to expected declines in volumes. In addition, in 2016, provisions of €0.3 billion were recognized for the investments totaling USD 2.0 billion over 10 years in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives for these technologies to which Volkswagen had committed itself in the settlement agreements with the U.S. government. Unutilized provisions for legal risks and sales-related measures amounting to a total of €0.5 billion had an offsetting effect. The translation at December 31, 2016 of provisions denominated in foreign currencies resulted in expenses of €0.2 billion after hedging. In 2017, additional expenses amounted to €3.2 billion, driven primarily by higher expenses for buy-back/retrofit programs for 2.0 and 3.0 l TDI vehicles in North America as well as higher legal risks. An additional expense of €2.4 billion directly related to the diesel issue was recognized in the first nine months of 2018. This expense was mainly attributable to the fines resulting from the final administrative orders issued by the Braunschweig public prosecutor's office (€1.0 billion) and the Munich II public prosecutor's office (€0.8 billion), and to higher legal defense costs.

Contingent liabilities were disclosed in relation to the diesel issue in 2017 in the aggregate amount of €4.3 billion (2016: €3.2 billion), of which lawsuits filed by investors account for €3.4 billion (2016: €3.1 billion). Also included are certain elements of the class action lawsuits relating to the diesel issue as well as criminal proceedings/misdemeanor proceedings as far as these can be quantified. As some of these proceedings are still at a very early stage, the plaintiffs have in a number of cases so far not specified the basis of their claims and/or there is insufficient certainty about the number of plaintiffs or the amounts being claimed. These lawsuits meet the definition of a contingent liability but cannot, as a rule, be disclosed because it is impossible to measure the

amount involved. As of September 30, 2018, there were no material changes to the contingent liabilities compared with 2017.

Evaluating known information and making reliable estimates for provisions is a continuous process. The provisions recognized and the contingent liabilities disclosed in relation to the diesel issue, and other latent legal risks are subject to substantial estimation risks given the complexity of the individual factors and the ongoing approval process with the authorities and the fact that the independent and comprehensive investigations have not yet been completed. Furthermore, new information not known to Volkswagen's Board of Management at present may surface, requiring further revaluation of the amounts estimated. Considerable financial charges may be incurred and further substantial provisions may be necessary as the issues and legal risks, fines and penalties crystallize.

For further information on risks associated with the diesel issue, see "*Risk Factors — Risk Factors regarding Volkswagen Aktiengesellschaft and Volkswagen Group — Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities."* and *"Risk Factors — Risk Factors regarding Volkswagen Aktiengesellschaft and Volkswagen Group — The diesel issue led to a review and ongoing reforms of Volkswagen's internal controls, compliance function and company culture. If these reforms are not completed and future material compliance failures occur, Volkswagen could be exposed to significant adverse consequences."* See also *"Legal and Arbitration Proceedings — Proceedings related to Diesel Issue*".

3.9 **Business Overview**

In terms of sales volume (i.e. the number of vehicles delivered to dealers), the Volkswagen Group is one of the leading multi-brand groups in the automotive industry. In 2017, the Volkswagen Group delivered a total of 10.7 million vehicles (passenger cars, light commercial vehicles, trucks and buses) to its customers worldwide.

Volkswagen 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. Each brand has its own character and operates independently in the market.

Volkswagen's product portfolio ranges from compact cars to luxury vehicles and also includes motorcycles, and will gradually be supplemented by mobility solutions, such as shuttle on demand and ride hailing services. In the commercial vehicle sector, the product portfolio ranges from pick-ups to buses and heavy trucks. Volkswagen is also active in the power engineering business field, manufacturing large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems. As of December 31, 2017, Volkswagen Group's product range comprised around 355 models. In addition, the Volkswagen Group offers a wide range of financial services, including dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

Effective as of January 14, 2015, Volkswagen AG controls 100% of the shares in Scania AB. As of September 30, 2018, Volkswagen AG indirectly held a 74.80% interest in the share capital of MAN SE, corresponding of 75.96% of the voting rights. Since August 1, 2012, Volkswagen AG indirectly holds 100% of the share capital of Dr. Ing. h.c. F. Porsche AG. Effective as of July 19, 2012, the Volkswagen Group acquired 100% of the voting rights of Ducati Motor Holding S.p.A., Bologna.

The Volkswagen Group's business operations encompass the Automotive and Financial Services Divisions, as described under "*—Organizational Structure*". In addition to its core activities involving Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services, Volkswagen holds a portfolio of non-core assets. Consistent with its focus on core activities and

the execution of its strategy, Volkswagen reviews its non-core asset portfolio on an ongoing basis and may take measures to optimize the portfolio.

The Volkswagen Group's production network consisted of 120 production facilities worldwide at the end of 2017. The sites are spread out over the continents of Europe, North and South America, Africa and Asia. Including the Chinese joint ventures, the Volkswagen Group employed an average of 634,396 personnel in 2017.

In June 2016, Volkswagen announced its new long-term, future-oriented strategy "TOGETHER – Strategy 2025". The strategy comprises a raft of far-reaching strategic decisions and specific initiatives essentially aimed at safeguarding the Volkswagen Group's long-term future and generating profitable growth. It is composed of four building blocks which cover a total of 16 strategic Group initiatives. The first of these building blocks is the transformation of the core automotive business. Developing, building and selling vehicles will remain essential for the Volkswagen Group going forward. However, there will be far-reaching and lasting changes to this business in the future. That is the reason why Volkswagen Group is comprehensively restructuring its core business to face this new era of mobility. The second key building block in the Group strategy is establishing a new mobility solutions business. In this business, Volkswagen Group is developing innovative and efficient, attractive yet profitable mobility services that are tailored to customer requirements with the goal of being one of the leading providers in this growth market in the future. With the third key building block, Volkswagen Group is intensifying its traditionally excellent innovative strength and placing it on an even broader footing. This is necessary both for the transformation of the core business and for the establishment of the new mobility solutions business. To this end, Volkswagen Group is pushing ahead with the digital transformation in all parts of the company. Becoming one of the world's leading providers of sustainable mobility calls for substantial capital expenditure. This will be financed in particular through efficiency gains along the entire value chain – from product development and procurement through to production and distribution as well as in the central supporting areas. Additional funds for future investments can also be generated by optimizing the existing portfolio of brands and equity investments. Through the fourth key building block of the Group strategy, Volkswagen seeks to safeguard the financing of the Volkswagen Group and place it on a solid basis.

3.10 **Automotive**

3.10.1 ***Figures of 2017***

Sales to the Dealer Organization

In 2017, the Volkswagen Group's worldwide unit sales to the dealer organization – including the Chinese joint ventures – amounted to 10.8 million vehicles (2016: 10.4 million vehicles).

Volkswagen Group Deliveries Worldwide

In 2017, the Volkswagen Group increased its deliveries to customers worldwide by 4.3% to 10,741,455 vehicles (2016: 10,297,041).

The following table shows the Volkswagen Group's passenger car deliveries to customers, broken down by markets and brands, for the periods indicated (figures include the Chinese joint ventures):

Deliveries to customers by markets (units)[1]	Year Ended December 31, 2017	Year Ended December 31, 2016	Change (%)
Europe/Other markets	**4,167,647**	**4,062,454**	**+2.6**
Western Europe	**3,157,107**	**3,114,032**	**+1.4**
Germany	1,131,414	1,136,971	– 0.5
United Kingdom	531,592	523,111	+1.6
Spain	270,645	244,990	+10.5
Italy	259,920	238,537	+9.0

Deliveries to customers by markets (units)[1]	Year Ended December 31, 2017	Year Ended December 31, 2016	Change (%)
France			
	256,712	249,146	+3.0
Central and Eastern Europe	**668,522**	**592,275**	**+12.9**
Russia	173,384	155,672	+11.4
Poland	145,024	122,622	+18.3
Czech Republic	142,842	134,926	+5.9
Other markets	**342,018**	**356,147**	**–4.0**
Turkey	158,523	173,965	– 8.9
South Africa	79,968	78,897	+1.4
North America	**962,980**	**928,033**	**+3.8**
USA			
	625,128	591,063	+5.8
Mexico			
	223,548	238,946	– 6.4
Canada			
	114,304	98,024	+16.6
South America	**445,636**	**362,343**	**+23.0**
Brazil			
	272,231	231,196	+17.7
Argentina	125,153	92,257	+35.7
Asia-Pacific	**4,462,387**	**4,282,656**	**+4.2**
China			
	4,173,834	3,975,071	+5.0
Japan			
	84,827	83,109	+2.1
India			
	72,467	66,046	+9.7
Worldwide	**10,038,650**	**9,635,486**	**+4.2**

1 Deliveries for 2016 have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.

Deliveries to customers by brands (units)[1]	Year Ended December 31, 2017	Year Ended December 31, 2016	Change (%)
Volkswagen Passenger Cars	6,230,229	5,980,309	+4.2
Audi			
	1,878,105	1,867,738	+0.6
ŠKODA			
	1,200,535	1,126,477	+6.6
SEAT			
	468,431	408,703	+14.6
Bentley			
	11,089	11,023	+0.6
Lamborghini			
	3,815	3,457	+10.4
Porsche			
	246,375	237,778	+3.6
Bugatti			
	71	1	(n.a.)
Volkswagen Group (total)	**10,038,650**	**9,635,486**	**+4.2**

1 Deliveries for 2016 have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.

The following table shows the Volkswagen Group's commercial vehicle deliveries to customers, broken down by markets and brands, for the periods indicated:

Deliveries to customers by markets (units)[1]	Year Ended December 31, 2017	Year Ended December 31, 2016	Change (%)
Europe/Other markets	**569,983**	**555,255**	**+2.7**
Western Europe	426,774	418,931	+1.9
Central and Eastern Europe	76,054	65,396	+16.3
Other markets	67,155	70,928	– 5.3
North America	**13,416**	**11,140**	**+20.4**
South America	**75,949**	**59,196**	**+28.3**
Brazil	35,781	26,532	+34.9
Asia-Pacific	**43,457**	**35,964**	**+20.8**
China	10,408	7,071	+47.2
Worldwide	**702,805**	**661,555**	**+6.2**

1 Deliveries for 2016 have been updated to reflect subsequent statistical trends.

Deliveries to customers by brands (units)[1]	Year Ended December 31, 2017	Year Ended December 31, 2016	Change (%)
Volkswagen Commercial Vehicles	497,894	477,974	+4.2
Scania	90,777	81,346	+11.6
MAN	114,134	102,235	+11.6
Volkswagen Group (total)	**702,805**	**661,555**	**+6.2**

1 Deliveries for 2016 have been updated to reflect subsequent statistical trends.

Passenger Car Deliveries

With its passenger car brands, the Volkswagen Group is present in all relevant automotive markets around the world. The Volkswagen Group's key sales markets currently include Western Europe, China, the United States, Brazil and Mexico. In 2017, the Volkswagen Group recorded encouraging growth in many key markets.

In 2017, deliveries of passenger cars to Volkswagen Group customers worldwide rose to 10,038,650 units amid partly difficult conditions in some relevant markets such as the United Kingdom and the United States. This was an increase of 403,164 vehicles or 4.2% on the previous year. Since the passenger car market as a whole expanded by 2.9% in the same period, the Volkswagen Group's share of the global market rose slightly to 12.1% (2016: 11.9%). Volkswagen recorded the highest absolute growth in China. Sales figures in Germany and Mexico, among others, were down on the previous year. All Volkswagen Group brands lifted delivery volumes year-on-year. The Volkswagen Passenger Cars brand recorded the strongest growth in absolute terms, setting new records, as did Audi, ŠKODA, Porsche, Bentley and Lamborghini.

In 2017, the passenger car market as a whole expanded by 2.5% in Western Europe. Deliveries to customers of the Volkswagen Group there rose less pronouncedly, by 1.4% to 3,157,107 vehicles. Volkswagen's share of the passenger car market in Western Europe was 22.0% in 2017 (2016: 22.3%). In the Central and Eastern Europe regions, where passenger car markets have grown considerably, the Volkswagen Group delivered 12.9% more vehicles to customers in 2017 than in the previous year. The Czech Republic and Poland continued to see strong growth in

demand, and in Russia, the Volkswagen Group also registered a marked upsurge in unit sales. In South Africa, demand for Volkswagen Group vehicles in 2017 increased by 1.4% compared with the previous year. In 2017, the passenger car market as a whole grew by 2.4% in South Africa. In the markets of the Middle East region, which are seeing a modest decline, Volkswagen sold 6.6% fewer vehicles in 2017 than in the year before.

The German passenger car market continued its growth in 2017, expanding by 2.7%. The Volkswagen Group delivered 1,131,414 passenger cars to customers in its home market, a slight decrease (–0.5%) compared to 2016. This was due in particular to the fact that customer confidence has not yet been fully restored following the diesel issue as well as to customer uncertainty generated by the public discussion on driving bans for diesel vehicles.

In the U.S. market, demand for Volkswagen Group models rose by 5.8% in 2017 compared with the previous year. The market as a whole declined by 1.8% in this period. Vehicle deliveries to customers in North America were 3.8% higher in 2017 than in the previous year in the context of a slightly declining overall market for passenger cars and light commercial vehicles. Volkswagen's market share was 4.7% in 2017 (2016: 4.4%).

In Canada, Volkswagen delivered 16.6% more vehicles to customers in 2017 than in the previous year in a growing overall market. In the Mexican market, which is declining on the whole, Volkswagen's sales fell by 6.4% in 2017 compared with the previous year.

The markets for passenger cars and light commercial vehicles in South America grew by 12.6% in 2017. The Volkswagen Group's share of the passenger car market in this region increased to 11.5% in 2017 (2016: 10.5%). Volkswagen Group's deliveries to customers increased by 23% in 2017 compared to 2016. The Brazilian market also recovered. Volkswagen delivered 17.7% more vehicles to customers there than in the previous year. Volkswagen Group sales were up 35.7% year-on-year in Argentina. The market as a whole grew 26.2% in 2017.

The passenger car markets in the Asia-Pacific region experienced the largest growth in absolute terms of any world region in 2017. Demand for Volkswagen Group models rose in this region by 4.2% year-on-year. The market share in this region was unchanged in 2017 compared to 2016, at 12.1%. China was the main growth driver of the Asia-Pacific region in 2017, deliveries to customers by the Volkswagen Group increasing by 5.0% compared to 2016. The Indian passenger car market grew further during 2017. The Volkswagen Group delivered 9.7% more vehicles to customers there in this period than in the previous year. Passenger car deliveries to the Group’s customers in Japan in 2017 exceeded the prior-year figure by 2.1%.

Commercial Vehicle Deliveries

The Volkswagen Group delivered a total of 702,805 commercial vehicles to customers worldwide in 2017, 6.2% more than in the previous year. Trucks accounted for 183,481 units (a 10.7% year-on-year increase) and buses for 19,218 units (an 8.1% year-on-year increase). Sales of light commercial vehicles increased by 4.6% in 2017 to 500,106 units. In Western Europe, deliveries were up by 1.9% on the previous year at 426,774 vehicles as a result of the sustained economic recovery; of this total, 334,087 were light commercial vehicles, 87,258 were trucks and 5,429 were buses. Deliveries of the Volkswagen Group's models in Central and Eastern Europe increased by 16.3% in 2017. Out of the 76,054 vehicles delivered to customers in 2017, 41,291 were light commercial vehicles, 33,613 were trucks and 1,150 were buses. In Russia, the region's largest market, sales climbed 61.9% year-on-year to 18,291 units on the back of the incipient economic recovery, demand for replacement vehicles and falling inflation rates.

In the Other markets, deliveries of Volkswagen Group commercial vehicles fell by 5.3% in 2017 to a total of 67,155 units: 46,678 light commercial vehicles, 17,050 trucks and 3,427 buses.

Deliveries in North America amounted to 13,416 vehicles in 2017 (a 20.4% year-on-year increase), which were handed over almost exclusively to customers in Mexico. In this region, Volkswagen handed over 10,432 light commercial vehicles, 1,042 trucks and 1,942 buses to customers.

In South America, the Volkswagen Group sold a total of 75,949 units in 2017 (a 28.3% year-on-year increase). Of the units delivered, 41,331 were light commercial vehicles, 29,589 were trucks and 5,029 were buses. In Brazil, deliveries rose by 34.9% compared to 2016 primarily as a result of the improved economic climate. Here, deliveries consisted of 12,633 light commercial vehicles, 20,363 trucks and 2,785 buses.

In the Asia-Pacific region, the Volkswagen Group delivered 43,457 vehicles to customers in 2017; 26,287 light commercial vehicles, 14,929 trucks and 2,241 buses, a 20.8% increase compared to the previous year. In China, sales were up 47.2% on the previous year at 10,408 vehicles. Of this total, 5,566 were light commercial vehicles, 4,532 were trucks and 310 were buses.

Worldwide Development of Inventories

Global inventories at Volkswagen Group companies and in the dealer organization were higher at the end of 2017 than at year-end 2016, mainly due to demand-induced stock building.

Production

The Volkswagen Group produced 10,875,000 vehicles worldwide in 2017, 4.5% more than in the previous year. In total, the Chinese joint ventures manufactured 3.7% more units than in 2016. The percentage of the Volkswagen Group's total production in 2017 accounted for by Germany was lower than in 2016, at 23.7% (2016: 25.8%). In 2017, Volkswagen plants worldwide produced an average of 44,170 vehicles per working day, an increase of 2.3% on the prior-year level.

3.10.2 ***Figures of Nine Months 2018***

Volkswagen Group Deliveries Worldwide

In the first nine months of 2018, the Volkswagen Group delivered 8,130,250 vehicles to customers worldwide, an increase of 323,964 units or 4.2% on the prior-year period figure, thus achieving a new record for the first nine months of a year.

The following table shows the Volkswagen Group's passenger car deliveries to customers, broken down by markets and brands, for the periods indicated (figures include the Chinese joint ventures):

Deliveries to customers by markets (units)[1]	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (%)
Europe/Other markets	**3,255,454**	**3,148,381**	**+3.4**
Western Europe	**2,489,744**	**2,416,361**	**+3.0**
Germany	887,112	857,912	+3.4
United Kingdom	398,633	422,143	–5.6
Italy	232,74	207,797	+12.0
Spain	211,039	197,704	+6.7
France	195,899	189,326	+3.5
Central and Eastern Europe	**535,086**	**489,907**	**+9.2**
Russia	147,364	122,771	+20.0
Poland	113,577	105,296	+7.9
Czech Republic	103,783	109,509	–5.2
Other markets	**230,624**	**242,113**	**–4.7**
Turkey	70,918	103,533	–31.5
South Africa	61,177	61,351	–0.3
North America	**705,392**	**708,785**	**–0.5**
USA	478,583	457,035	+4.7
Mexico	136,603	164,581	–17.0
Canada	90,206	87,169	+3.5

Deliveries to customers by markets (units)[1]	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (%)
South America	**367,023**	**334,021**	**+9.9**
Brazil	244,683	199,826	+22.4
Argentina	82,919	99,353	–16.5
Asia-Pacific	**3,264,611**	**3,102,914**	**+5.2**
China	3,032,298	2,887,111	+5.0
Japan	65,009	63,516	+2.4
India	45,500	54,231	–16.1
Worldwide	**7,592,480**	**7,294,101**	**+4.1**

Deliveries to customers by brands (units)[1]	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (%)
Volkswagen Passenger Cars	4,622,846	4,490,902	+2.9
Audi	1,407,718	1,380,463	+2.0
ŠKODA	939,064	871,082	+7.8
SEAT	415,577	354,894	+17.1
Bentley	7,107	7,890	–9.9
Lamborghini	3,554	2,930	+21.3
Porsche	196,562	185,898	+5.7
Bugatti	52	42	+23.8
Volkswagen Group (total)	**7,592,480**	**7,294,101**	**+4.1**

1 Deliveries for 2017 have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.

The following table shows the Volkswagen Group's commercial vehicle deliveries to customers, broken down by markets and brands, for the periods indicated:

Deliveries to customers by markets (units)[1]	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (%)
Europe/Other markets	**428,462**	**414,623**	**+3.3**
Western Europe	328,874	316,997	+3.7
Central and Eastern Europe	58,360	52,538	+11.1
Other markets	41,228	45,088	–8.6
North America	**7,903**	**9,948**	**–20.6**
South America	**69,432**	**55,725**	**+24.6**
Brazil	39,900	25,565	+56.1
Asia-Pacific	**31,973**	**31,889**	**+0.3**
China	7,519	7,929	–5.2

Deliveries to customers by markets (units)[1]	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (%)
Worldwide	**537,770**	**512,185**	**+5.0**

Deliveries to customers by brands (units)[1]	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (%)
Volkswagen Commercial Vehicles	371,442	367,884	+1.0
Scania	68,639	63,959	+7.3
MAN	97,689	80,342	+21.6
Volkswagen Group (total)	**537,770**	**512,185**	**+5.0**

1 Deliveries for 2017 have been updated to reflect subsequent statistical trends.

Passenger Car Deliveries

From January to September 2018, global demand for passenger cars from the Volkswagen Group rose to 7,592,480 vehicles, an increase of 4.1% year-on-year, amid slight growth in the market as a whole. In the third quarter of 2018, there was a high growth rate in the months of July and August which made up for the expected decline in delivery volumes in September, caused due to the transition to the new WLTP. Further, the ŠKODA (+7.8 % year-on-year) and SEAT (+17.1% year-on-year) brands in particular developed very encouragingly. Volkswagen Passenger Cars, Audi, Porsche, Lamborghini and Bugatti also increased their delivery volumes. In the regions of Western Europe, Central and Eastern Europe, South America and Asia-Pacific, demand for passenger cars from the Volkswagen Group was significantly higher in the first nine months of 2018 than the corresponding prior-year figure in some cases. The number of vehicles sold in North America was approximately on level with the prior-year period. The Volkswagen Group recorded the highest absolute increase in the Asia-Pacific region.

In Western Europe, amid a slightly growing overall market, the Volkswagen Group delivered 2,489,744 vehicles to customers in the first nine months of 2018, an increase of 3.0% compared to the prior-year period. Negative impacts arising from the fact that customer confidence has not been fully restored following the diesel issue as well as from the uncertainty among customers generated by the public discussion on driving bans for diesel vehicles and, above all, the expected decreases resulting from the changeover to the WLTP in September were more than compensated for. The Volkswagen Group's share of the passenger car market in Western Europe rose to 22.2% (first nine months of 2017: 21.8%).

In Germany, demand for Volkswagen Group vehicles in the nine-month period in 2018 increased by 3.4% compared with the prior-year period. The market as a whole grew by 2.4% in the same period. In Central and Eastern Europe, where the passenger car market is still significantly growing, Volkswagen Group delivered 9.2% more vehicles in the first nine months of 2018, as compared to the same period the previous year. Whereas in Russia and Poland demand for Volkswagen Group models rose strongly in some cases, the number of deliveries in the Czech Republic saw a decline. The Volkswagen Group's market share in the Central and Eastern Europe region was 21.2% (first nine months of 2017: 22.3%). In a substantially weaker passenger cars market in Turkey, Volkswagen delivered 31.5% fewer vehicles to customers. In South Africa, sales of Volkswagen Group vehicles were steady in the first nine months of 2018, while the market as a whole was nearly at the same level year-on-year.

Demand for Volkswagen Group models in North America between January and September 2018 was 0.5% lower than the prior-year figure in a slightly weaker overall passenger car and light commercial vehicle market. The Volkswagen Group achieved a market share of 4.6% (first nine months of 2017: 4.6%) in this region. In the first three quarters of 2018, the Volkswagen Group delivered 4.7% more vehicles to customers in the U.S. market than in the prior-year period. The

market as a whole remained stable during this period. Demand remained higher for SUVs and pickup segments than for conventional passenger cars. In Canada, the number of Volkswagen Group vehicles handed over to customers in the first nine months of 2018 increased by 3.5% compared with the prior-year figure. At the same time, the market as a whole declined slightly. In a markedly declining overall market in Mexico, Volkswagen Group delivered fewer vehicles to customers between January and September 2018 than in the prior-year period (–17.0% year-on-year).

The upward trend in the South American markets for passenger cars and light commercial vehicles continued in the first nine months of 2018. The Volkswagen Group's delivery of vehicles to customers rose by 9.9% in this period compared to the prior-year period. Volkswagen's share of the market in South America was 11.8% (first nine months of 2017: 11.6%). The Volkswagen Group benefited from the sustained recovery in the Brazilian market and recorded an increase of 22.4% in its sales to customers there during the first nine months of 2018. In Argentina, where growth in the market as a whole was somewhat weaker overall, the number of deliveries to Volkswagen Group customers in the first three quarters of 2018 was lower than the prior-year figure (–16.5% year-on-year).

In the Asia-Pacific region, the overall market grew slightly in the first nine months of 2018. With an increase of 5.2%, the Volkswagen Group handed over more vehicles to customers there than in the previous year. Volkswagen's share of the market in this region increased to 12.3% (first nine months of 2017: 11.8%). In China, the number of Group models sold from January to September 2018 rose by 5.0% on the prior-year figure. The passenger car market as a whole grew only slightly in the same period. The Indian passenger car market recorded a noticeable increase in demand in the first nine months of 2018. With a decline of 16.1%, the number of Volkswagen Group models delivered to customers fell short of the previous year's figure.

In Japan, Volkswagen handed over 2.4% more passenger cars to customers in the first nine months of 2018 than in the prior-year period, while demand in the market as a whole narrowed slightly.

Commercial Vehicle Deliveries

In the first nine months of 2018, the Volkswagen Group delivered a total of 537,770 commercial vehicles to customers worldwide (+5.0% year-on-year). Trucks accounted for 145,068 units (+11.6% year-on-year) and buses for 16,393 units (+22.1% year-on-year). Deliveries of light commercial vehicles increased by 2.0% year-on-year to 376,309 units.

In Western Europe, sales increased by 3.7% to a total of 328,874 units. Of this figure, 257,684 were light commercial vehicles, 67,324 were trucks and 3,866 were buses.

The Volkswagen Group delivered 58,360 vehicles to customers in the markets of the Central and Eastern Europe region in the period from January to September 2018 (+11.1% year-on-year), of this figure, 30,956 were light commercial vehicles, 26,283 were trucks and 1,121 were buses. In Russia, the region's largest market, sales rose to 13,718 units, i.e. by 15.8% year-on-year in the wake of economic recovery. In the Other markets, particularly in Turkey, deliveries of Volkswagen Group commercial vehicles amounted to a total of 41,228 units, a decrease of 8.6% on the prior-year figure, and of this total, 27,712 were light commercial vehicles, 10,540 were trucks and 2,976 were buses.

In the first nine months of 2018, sales in North America declined to 7,903 vehicles (–20.6% year-on-year), almost all of which were delivered to customers in Mexico, of this total, 5,468 were light commercial vehicles, 762 were trucks and 1,673 were buses.

In the first nine months of 2018, deliveries in South America rose to a total of 69,432 vehicles (+24.6% year-on-year), of this total, 34,617 were light commercial vehicles, 29,625 were trucks and 5,190 were buses. Following continued improvement in the economic climate in Brazil, the Volkswagen Group was able to increase sales there by 56.1% compared to the prior-year period. Of the units delivered, 12,786 were light commercial vehicles, 23,407 were trucks and 3,707 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 31,973 vehicles to customers between January-September 2018, of which were, 19,872 light commercial vehicles, 10,534 trucks and 1,567 buses. This was 0.3% more than in the prior-year period. In China, sales declined by 5.2% to 7,519 vehicles, of which 4,204 were light commercial vehicles, 3,013 were trucks and 302 were buses.

Worldwide Development of Inventories

Global inventories at Volkswagen Group companies and in the dealer organization were higher on September 30, 2018 than at year end 2017 but below the corresponding prior-year figure.

Production

Between January and September 2018, the Volkswagen Group's production increased by 1.7% year-on-year to a total of 8,178,747 vehicles. Production in Germany amounted to 1,714,429 units; the 12.6% decline was mainly related to WLTP. The proportion of vehicles produced in Germany declined to 21.0% (24.4% in the prior-year period).

3.11 Volkswagen Group Financial Services

The Financial Services Division combines the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The division comprises Volkswagen Financial Services and the financial services activities of Scania, Porsche and Porsche Holding Salzburg.

At 7.3 million contracts, the number of new financing, leasing, service and insurance contracts signed worldwide in 2017 was above the 2016 figure (7.1 million). The total number of contracts as of December 31, 2017 was 18.4 million, up 5.7% as against the end of 2016. The number of contracts in the Customer financing/Leasing area rose by 6.3% to 10.1 million and, in the Service/Insurance area, the number of contracts increased by 5.0% to 8.4 million. The ratio of leased or financed vehicles to the Volkswagen's Group's deliveries (penetration rate) rose to 33.4% (2016: 33.3%) in the Financial Services Division's markets.

In the period between January to September 2018, the number of new financing, leasing, service and insurance contracts signed worldwide exceeded the prior-period figure at 5.8 million (first nine months of 2017: 5.4 million). At September 30, 2018, the total number of contracts was 19.4 million, up 5.5% compared with December 31, 2017. The ratio of leased or financed vehicles to the Volkswagen Group's deliveries (penetration rate) rose to 34.0% (first nine months of 2017: 33.8%) in the Financial Services Division's markets in the first nine months of 2018.

3.12 Volkswagen Group Sales Revenue and Profit

3.12.1 *Figures of 2017*

In 2017, the Volkswagen Group's sales revenue increased by 6.2% compared to €230.7 billion in 2016. In particular, higher volumes and the healthy business performance in the Financial Services Division had a positive effect, while exchange rates had a negative impact. At 80.8% (2016: 79.9%) the major share of sales revenue in 2017 was recorded outside Germany.

At €13.8 billion, the Volkswagen Group's operating result was €6.7 billion higher as compared to 2016. Negative effects weighed on operating result, reducing operating result by a total of €–3.2 billion in 2017. These related to charges in connection with the diesel issue, primarily due to higher expenses attributable to the buyback/retrofit programs for 2.0 l and 3.0 l TDI vehicles in North America and to higher legal risks. In 2016, expenses in connection with the diesel issue amounted to €6.4 billion. In 2017, the operating return on sales rose to 6.0% (2016: 3.3%).

The financial result declined to €0.1 billion in 2017 (2016: €0.2 billion). Lower interest expenses and lower expenses from the measurement of derivative financial instruments at the reporting date had a positive effect, while foreign currency measurement had a negative impact. The share of the result of equity-accounted investments in 2017 was at the prior-year level. This includes the gain on the remeasurement of the investment in HERE following the acquisition of shares by

additional investors. In the prior year period, the income from the sale of the LeasePlan shares had a positive effect.

The Volkswagen Group's earnings before tax rose to €13.9 billion in 2017, up €6.6 billion on the 2016 figure. The return on sales before tax improved from 3.4% in 2016 to 6.0% in 2017. Earnings after tax in 2017 amounted to €11.6 billion (2016: €5.4 billion). Although income taxes increased, the tax rate of 16.3% (2016: 26.2%) was considerably lower in 2017. Deferred tax income resulting from changes in tax rates amounted to €1,044 million at Group level in 2017 (2016: expense of €120 million). This was primarily attributable to the effects of the tax reform in the United States.

3.12.2 *Figures of Nine Months 2018*

The application of new IFRS standards (IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", which became mandatory as of January 1, 2018) has led to, among other things, adjustments to the nine-month period 2017 figures in the income statement. For further information, please refer to the discussion on IFRS 9 and 15 under "Accounting Policies" in the notes to the Interim Financial Statements. In the following discussion, the nine-month period 2017 figures are presented on such adjusted basis. However, the full-year figures for the year 2017 as presented above and below are not adjusted according to the new application of IFRS accounting standards.

Between January and September 2018, the Volkswagen Group generated sales revenue of €174.6 billion, thus exceeding the prior-year figure by 2.7%. This was possible due to improvements in the volume and mix and favorable business performance in the Financial Services Division. These positive developments were partially offset by negative exchange rate effects. The effects of applying the new International Financial Reporting Standards (application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers") resulted in an overall increase in sales revenue. Sales revenue generated abroad accounted for a share of 81.0% in the first nine months of 2018 (80.2% in the prior-year period). Hedging transactions relating to sales revenues in foreign currency are not allocated to regions.

The Volkswagen Group's operating result was €10.9 billion in the first nine months of 2018, up by €0.2 billion compared with the prior-year period. Positive factors included primarily volume improvements, although fair value measurement gains and losses on certain derivatives, which have had to be reported here since the beginning of the year, and a lower capitalization ratio for development costs had a negative impact. Expenses in connection with the diesel issue weighed on operating profit, reducing this item by €2.4 billion (€2.6 billion in the prior-year period). These were mainly attributable to the fines resulting from the final administrative orders issued by the Braunschweig public prosecutor's office (€1.0 billion) and the Munich II public prosecutor's office (€0.8 billion), and to higher legal defense costs. In the first nine months of 2018, operating return on sales amounted to 6.2%, compared to 6.3% in the prior-year period.

The financial result was €1.6 billion during January to September 2018, an increase of €2.0 billion compared with the prior-year period. Lower expenses from the measurement of derivative financial instruments used to hedge financing transactions at September 30, 2018, lower interest expenses and positive foreign currency measurement effects had a positive impact. The total effect of the remeasurement of put options and compensation rights in connection with the control and profit and loss transfer agreement with MAN SE had a negative impact. The share of profits of equity-accounted investments increased, amid a year-on-year rise in the profits generated by the Chinese joint ventures. In the prior-year period, the remeasurement of the interest in HERE following the acquisition of shares by additional investors had a positive impact.

The Volkswagen Group's profit before taxes improved by €2.2 billion to €12.5 billion in the first nine months of 2018, compared with the prior-year period. Profit after tax was up by €1.8 billion to €9.4 billion in the first nine months of 2018.

3.13 **Recent Events**

There have been no recent events other than on November 7, 2018, Volkswagen launched and priced a U.S. private debt offering in an aggregate amount of U.S.$ 8billion consisting of notes with various maturity profiles.

3.14 **Administration, Management and Supervisory Bodies**

3.14.1 ***Board of Management***

The Board of Management shall consist of at least three members. As of the date of this Prospectus, its members are:

Name	**Area of responsibility**
Dr. Ing. Herbert Diess[1]	Chairman; Chairman of the Brand Board of Management of Volkswagen Passenger Cars
Dr. Oliver Blume[2]	Chairman of the Executive Board of Porsche AG
Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann	China
Gunnar Kilian[3]	Human Resources and Organization
Andreas Renschler	Commercial Vehicles
Dr. Stefan Sommer[4]	Components and Procurement
Hiltrud Dorothea Werner	Integrity and Legal Affairs
Frank Witter	Finance and IT

[1] Mr. Herbert Diess has been appointed as chairman of the Board of Management effective April 12, 2018, replacing Mr. Matthias Müller who stepped down from the Board of Management by mutual agreement. Mr. Diess will continue to manage the Volkswagen Passenger Cars brand with the assistance of a chief operating officer, who is responsible for daily operations.

[2] Mr. Oliver Blume, Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG, has been appointed as a new member of the Board of Management in April 2018 following the departure of Mr. Francisco Javier Garcia Sanz, head of Procurement, who left the Company at his own request.

[3] Mr. Gunnar Kilian has taken over the responsibility for Human Resources and Organization from Mr. Karlheinz Blessing in April 2018. Mr. Blessing has left the Board of Management by mutual agreement.

[4] Dr. Stefan Sommer assumed responsibility for Components and Procurement as from September 1, 2018.

The members of the Board of Management hold the following additional mandates in supervisory bodies[1]:

Name	**Additional activities (as of December 31, 2017)**
Dr. Ing. Herbert Diess	Infineon Technologies AG, Neubiberg[2]
Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann	Lufthansa Technik AG, Hamburg[2]
Andreas Renschler	Deutsche Messe AG, Hanover[2]

[1] As part of their duty to manage and supervise the Volkswagen Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Volkswagen Group companies and other significant investees.

[2] Membership of statutory supervisory boards in Germany.

3.14.2 ***Supervisory Board***

The Supervisory Board shall consist of 20 members. As of the date of this Prospectus, its members are:

Name	Additional Activities (as of December 31, 2017)
Hans Dieter Pötsch	AUDI AG, Ingolstadt[1]
Chairman	Autostadt GmbH, Wolfsburg (Chairman)[1]
Chairman of the executive board and Chief Financial Officer of Porsche Automobil Holding SE	Bertelsmann Management SE, Gütersloh[1]
	Bertelsmann SE & Co. KGaA, Gütersloh[1]
	Dr. Ing. h.c. F. Porsche AG, Stuttgart[1]
	Wolfsburg AG, Wolfsburg[1]
	Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)[2]
	Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)[2]
	Porsche Retail GmbH, Salzburg (Chairman)[2]
	VfL Wolfsburg-Fuβball GmbH, Wolfsburg (Deputy Chairman)[2]
	Volkswagen Truck & Bus GmbH, Braunschweig[2]
Jörg Hofmann*	Robert Bosch GmbH, Stuttgart[1]
Deputy Chairman	
First Chairman of IG Metall	
Dr. Hussain Ali Al-Abdulla	Gulf Investment Corporation, Safat/Kuwait[2]
Minister of State	Kirnaf Finance, Riyadh (Chairman)[2]
	Masraf Al Rayan, Doha (Chairman)[2]
	Qatar Holding, Doha[2]
	Qatar Investment Authority, Doha[2]
Dr. Hessa Sultan Al-Jaber	Droobi Health Technology, Doha[2]
Minister of State	Malomatia, Doha[2]
	Qatar Satellite Company, Doha[2]
	Trio Investment, Doha[2]
Marianne Heiss[3]	AUDI AG, Ingolstadt[1] (as of May 9, 2018)

Name	Additional Activities (as of December 31, 2017)
	Porsche Automobil Holding SE, Stuttgart[1] (as of May 15, 2018)
Chief Financial Officer of BBDO Group Germany GmbH, Düsseldorf	
Dr. jur. Hans-Peter Fischer*	Volkswagen Pension Trust e.V., Wolfsburg[2]
Chairman of the Board of Management of Volkswagen Management Association	
Birgit Dietze*	n.a.
Secretary to the Board of IG Metall	
Uwe Hück*	Dr. Ing. h.c. F. Porsche AG, Stuttgart (Deputy Chairman)[1]
Chairman of the General and Group Works Councils of Dr. Ing. h.c. F. Porsche AG	
Ulrike Jakob*	n.a.
Deputy Chairwoman of the Works Council of Volkswagen AG, Kassel plant	
Johan Järvklo*	Scania CV AB, Södertälje[2]
Chairman of IF Metall at Scania AB	Volkswagen Truck & Bus GmbH, Braunschweig[2]
Dr. Louise Kiesling	n.a.
Designer and entrepreneur	
Dr. Bernd Althusmann	Deutsche Messe AG, Hanover[1]
Minister of Economic Affairs, Labor, Transport and Digitalization for the Federal State of Lower Saxony	Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG, Wilhelmshaven[2]
	JadeWeserPort Realisierungs GmbH & Co. KG, Wilhelmshaven[2]
	JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven[2]
	Niedersachsen Ports GmbH & Co. KG, Oldenburg (Chairman)[2]
Peter Mosch*	AUDI AG, Ingolstadt[1]
Chairman of the General Works Council of AUDI AG	Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt[1]
Bertina Murkovic*	n.a.
Chairwoman of the Works Council of Volkswagen Commercial Vehicles	

Name	Additional Activities (as of December 31, 2017)
Bernd Osterloh*	Autostadt GmbH, Wolfsburg[1]
Chairman of the General and Group Works Councils of Volkswagen AG	Wolfsburg AG, Wolfsburg[1]
	Allianz für die Region GmbH, Braunschweig[2]
	Porsche Holding Gesellschaft m.b.H., Salzburg[2]
	SEAT, S.A., Martorell[2]
	ŠKODA Auto a.s., Mladá Boleslav[2]
	VfL Wolfsburg-Fußball GmbH, Wolfsburg[2]
	Volkswagen Immobilien GmbH, Wolfsburg[2]
	Volkswagen Truck & Bus GmbH, Braunschweig[2]
Dr. jur. Hans Michel Piëch	AUDI AG, Ingolstadt[1]
Lawyer in private practice	Dr. Ing. h.c. F. Porsche AG, Stuttgart[1]
	Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)[1]
	Porsche Cars Great Britain Ltd., Reading[2]
	Porsche Cars North America Inc., Atlanta[2]
	Porsche Holding Gesellschaft m.b.H., Salzburg[2]
	Porsche Ibérica S.A., Madrid[2]
	Porsche Italia S.p.A., Padua[2]
	Schmittenhöhebahn AG, Zell am See[2]
	Volksoper Wien GmbH, Vienna[2]
Dr. jur. Ferdinand Oliver Porsche	AUDI AG, Ingolstadt[1]
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft	Dr. Ing. h.c. F. Porsche AG, Stuttgart[1]
	Porsche Automobil Holding SE, Stuttgart[1]
	Porsche Holding Gesellschaft m.b.H., Salzburg[2]
	Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg[2]
	Volkswagen Truck & Bus GmbH, Braunschweig[2]
Dr. rer. comm. Wolfgang Porsche	AUDI AG, Ingolstadt[1]

Name	Additional Activities (as of December 31, 2017)
Chairman of the Supervisory Board of Porsche Automobil Holding SE	Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)[1]
Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG	Porsche Automobil Holding SE, Stuttgart (Chairman)[1]
	Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)[2]
	Porsche Cars Great Britain Ltd., Reading[2]
	Porsche Cars North America Inc., Atlanta[2]
	Porsche Holding Gesellschaft m.b.H., Salzburg[2]
	Porsche Ibérica S.A., Madrid[2]
	Porsche Italia S.p.A., Padua[2]
	Schmittenhöhebahn AG, Zell am See[2]
Athanasios Stimoniaris*	MAN SE, Munich[1]
Chairman of the Works Council and of the General Works Council of MAN Truck & Bus AG and Chairman of the Group Works Council of MAN SE and of the SE Works Council	MAN Truck & Bus AG, Munich (Deputy Chairman)[1]
	Rheinmetall MAN Military Vehicles GmbH, Munich[1]
	Volkswagen Truck & Bus GmbH, Braunschweig[2]
Stephan Weil	n.a.
Minister-President of the Federal State of Lower Saxony	

* Employee representative.
1 Membership of statutory supervisory boards in Germany.
2 Comparable appointments in Germany and abroad.
3 Replaced Annika Falkengren as member of the Supervisory Board as of February 14, 2018. Ms. Heiss was confirmed as a new member of the Supervisory Board at the Annual General Meeting held on May 3, 2018.

The members of the Board of Management and the members of the Supervisory Board may be contacted at Volkswagen AG's business address: Volkswagen Aktiengesellschaft, Generalsekretariat, Berliner Ring 2, 38440 Wolfsburg, Germany.

The following family relationships exist between the members of the Supervisory Board: Dr. jur. Hans Michel Piëch and Dr. rer. comm. Wolfgang Porsche are cousins. In addition, Dr. jur. Ferdinand Oliver Porsche is a nephew of the aforementioned members of the Supervisory Board. Dr. Louise Kiesling is a niece of Dr. jur. Hans Michel Piëch. There are no family relationships among the remaining members of the Supervisory Board.

Some of the members of the Board of Management and the Supervisory Board are also members of executive bodies of Volkswagen Group companies, which are companies in which Volkswagen AG has a substantial interest, and of key shareholders of Volkswagen AG, so-called dual mandates.

Such dual mandates are, for example, held by Ms. Hiltrud Dorothea Werner, who is simultaneously a member of the Supervisory Board of AUDI AG. A member of the Board of Management, Dr. Oliver Blume, is simultaneously the Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG.

Dual mandates also exist in relation to key shareholders of Volkswagen AG and the members of its governing bodies.

Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Marianne Heiss are simultaneously members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of Porsche Automobil Holding SE. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, is simultaneously a member of the Supervisory Board of Volkswagen AG.

Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are simultaneously members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG, is simultaneously a member of the Supervisory Board of Volkswagen AG.

Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche, Dr. rer. comm. Wolfgang Porsche, Peter Mosch and Marianne Heiss are members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of AUDI AG.

Due to the dual mandates, there could be instances in which there arises a conflict of interest in the structuring of business relationships between Volkswagen companies, as well as with other companies outside the Volkswagen Group, or a disadvantageous exercise of influence over the Volkswagen Group's business. This is particularly the case given the background that, due to the overlap of personnel and the Volkswagen Group's structure, decision-making within the Board of Management and the Supervisory Board cannot take place as independently as would be the case for subsidiaries which are not as connected with their parent company in the same manner. To the extent that conflicts of interest occur, the relevant members deal with them in a responsible manner and in accordance with legal requirements.

In the event of regular termination of their service on the Board of Management, the members of the Board of Management are entitled to a pension, including a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension. The agreed benefits are paid or made available when the Board of Management member reaches the age of 63. If the appointment to the Board of Management is terminated for cause through no fault of the Board of Management member, the claims under Board of Management contracts entered into since November 20, 2009 are limited to a maximum of 2 years' remuneration. For Board of Management members who are commencing their third or later term of office, existing rights under contracts entered into before November 20, 2009 are grandfathered. No severance payment is made if the appointment to the Board of Management is terminated for good reason for which the Board of Management member is responsible.

Dr. Louise Kiesling, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche are members of the Supervisory Board and are indirect owners of voting rights in Volkswagen AG.

Apart from the facts indicated above, there are no potential conflicts of interests between any duties to the Guarantor of the members of the Board of Management and the Supervisory Board and their private interests and or other duties.

3.15 **Board Practices**

In accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz* – AktG) and the German Co-Determination Act (*Mitbestimmungsgesetz* – "**MitbestG**"), the Supervisory Board elects a Chairman and a Deputy Chairman for the respective terms of office. If the Chairman or his Deputy leaves before expiration of his term of office, the Supervisory Board must promptly hold a new election to fill the position for the remainder of the departed member's term

of office. The Articles of Association of Volkswagen AG provide that declarations of intent by the Supervisory Board are made by the Chairman of the Supervisory Board on its behalf.

In accordance with the Articles of Association of Volkswagen AG, the Supervisory Board may form further committees from among its members to perform specific functions, in addition to the committee to be formed in accordance with section 27(3) of the MitbestG.

The Supervisory Board had formed the following five committees: the Executive Committee, the Mediation Committee, the Audit Committee, the Nomination Committee and the Special Committee on Diesel Engines.

The Executive Committee and the Special Committee on Diesel Engines each consists of three shareholder representatives and three employee representatives. The members of the Nomination Committee are the shareholder representatives in the Executive Committee. The Mediation Committee and the Audit Committee are each composed of two shareholder representatives and two employee representatives.

The Executive Committee met 17 times during 2017, mainly discussing current matters related to the diesel issue. The committee also prepared the resolutions by the Supervisory Board in detail and dealt with the composition of and contractual issues concerning the Board of Management other than remuneration. The following persons are members of the Executive Committee: Hans Dieter Pötsch (Chairman), Jörg Hofmann (Deputy Chairman), Peter Mosch, Bernd Osterloh, Dr. Wolfgang Porsche and Stephan Weil.

The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board to recommend for election to the Annual General Meeting. The Nomination Committee did not hold any meetings in 2017. The following persons are members of the Nomination Committee: Hans Dieter Pötsch (Chairman), Dr. Wolfgang Porsche and Stephan Weil.

The Mediation Committee is responsible, in accordance with the German Co-Determination Act, for appointing the members of the Board of Management. The following persons are members of the Mediation Committee: Hans Dieter Pötsch (Chairman), Jörg Hofmann (Deputy Chairman), Bernd Osterloh and Stephan Weil. The Mediation Committee did not convene in 2017.

The Audit Committee met 5 times during 2017. It focused primarily on the consolidated financial statements, risk management (including the internal control system), and the work performed by Volkswagen AG's compliance organization. In addition, the Audit Committee addressed the quarterly reports and the half-yearly financial report of the Volkswagen Group, as well as current financial reporting issues and their examination by the auditors. Moreover, the Audit Committee initiated the call for bids for audits and other audit-related services in the Volkswagen Group from 2020. The following persons are members of the Audit Committee: Dr. Ferdinand Oliver Porsche (Chairman), Bernd Osterloh (Deputy Chairman), Birgit Dietze and Marianne Heiß.

The Special Committee on Diesel Engines is responsible for coordinating all activities relating to the diesel issue and preparing resolutions by the Supervisory Board. To this end, the Special Committee on Diesel Engines is also provided with regular information by the Board of Management. It is also entrusted with examining any consequences of the findings. The Chairman of the Special Committee on Diesel Engines reports regularly on its work to the Supervisory Board. In 2017, the Special Committee on Diesel Engines met on 11 occasions, in which, among other topics, details pertaining to the settlements with the U.S. authorities as well as the Supervisory Board’s proposed resolutions regarding formal approval of actions of incumbent members in 2016 were discussed. The following persons are members of the Special Committee on Diesel Engines: Dr. Wolfgang Porsche (Chairman), Dr. Bernd Althusmann, Peter Mosch, Bertina Murkovic, Bernd Osterloh and Dr. Ferdinand Oliver Porsche.

3.16 **Corporate Governance**

The government commission on the German Corporate Governance Code appointed by the Federal Ministry of Justice (*Bundesministerium für Justiz*) in September 2001 adopted the German Corporate Governance Code ("**AktG**" or the "**Code**") on February 26, 2002 and, most recently, adopted various amendments to the Code on February 7, 2017 (published by the

Federal Ministry of Justice in the official section of the Federal Gazette on April 24, 2017). The Code provides recommendations and suggestions on managing and supervising listed German companies. In doing so, it is based on recognized international and national standards for good and responsible corporate governance. The purpose of the Code is to make the German corporate governance system transparent and comprehensible. The Code contains recommendations and suggestions on corporate governance with respect to shareholders and the general meeting, the board of management, the supervisory board, transparency, accounting and auditing.

There is no obligation to comply with the recommendations and suggestions of the Code. German stock corporation law merely requires the board of management and supervisory board of a listed company to either make an annual declaration that the company has been and will be in compliance with the recommendations of the Code, or state which recommendations have not or will not be applied and why. The statement is to be made permanently available on the website of Volkswagen AG. A company may deviate from the suggestions made in the Code without disclosing this.

On November 17, 2017, the Board of Management and the Supervisory Board of Volkswagen AG issued the annual declaration of conformity with the German Corporate Governance Code as required by section 161 of the AktG with the following wording:

"The Board of Management and the Supervisory Board declare the following:

1. The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 5 May 2015 (the Code) that were published by the German Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 12 June 2015 were complied with in the period from the last Declaration of Conformity dated 18 November 2016 until the amended version of the Code dated 7 February 2017 came into effect on 24 April 2017, with the exception of the following numbers listed below with their stated reasons.

a) 4.2.3(4) (severance cap)

A severance cap will be included in new contracts concluded with members of the Board of Management, but not in contracts concluded with Board of Management members entering their third term of office or beyond, provided a cap did not form part of the initial contract. Grandfather rights have been applied accordingly.

b) 5.3.2 sentence 3 (independence of the chair of the Audit Committee)

It is unclear from the wording of this recommendation whether the Chairman of the Audit Committee is "independent" within the meaning of number 5.3.2 sentence 3 of the Code. Such independence could be considered lacking in view of his seat on the Supervisory Board of Porsche Automobil Holding SE, kinship with other members of the Supervisory Board of the company and of Porsche Automobil Holding SE, his indirect minority interest in Porsche Automobil Holding SE, and business relations with other members of the Porsche and Piëch families who also have an indirect interest in Porsche Automobil Holding SE. However, in the opinion of the Supervisory Board and the Board of Management, these relationships do not constitute a conflict of interest nor do they interfere with his duties as the Chairman of the Audit Committee. This exception is therefore being declared purely as a precautionary measure.

c) 5.4.1(5) to (7) (disclosure regarding election recommendations)

With regard to recommendation number 5.4.1(5) to (7) of the Code stating that certain circumstances must be disclosed by the Supervisory Board when making election recommendations to the Annual General Meeting, the stipulations of the Code are vague and the definitions unclear. Purely as a precautionary measure, the Board of Management and the Supervisory Board therefore declare a deviation from the Code in this respect. Notwithstanding this, the Supervisory Board will make every effort to satisfy the requirements of the recommendation.

d) 5.4.6(2) sentence 2 (performance-related remuneration of members of the Supervisory Board)

Until the amendment to article 17(1) of the Articles of Association adopted by the Annual General Meeting on 10 May 2017 that came into effect on 1 June 2017, Supervisory Board remuneration was linked in part to the dividends. We therefore assumed that we had complied with the Code and that the variable compensation component was oriented toward the sustainable growth of the company as defined in number 5.4.6(2) sentence 2 of the Code. However, as it could not be ruled out that other views would be taken in this respect, a deviation from this recommendation in the Code is being declared as a precautionary measure.

2. The recommendations of the Government Commission of the German Corporate Governance Code in the version dated 7 February 2017 (the 2017 Code) that were published by the German Ministry of Justice on 24 April 2017 in the official section of the Federal Gazette (*Bundesanzeiger*) were complied with in the period from when this version came into effect on 24 April 2017 and will continue to be complied with, with the exception of the numbers listed below and their stated reasons

a) 4.2.3(4) (severance cap)

b) 5.3.2(3) sentence 2 (independence of the chair of the Audit Committee)

c) 5.4.1(6) to (8) (disclosure regarding election recommendations)

The reasons for exceptions a) to c) are listed above in the details under point 1.

d) 5.4.6(2) sentence 2 (performance-related remuneration of members of the Supervisory Board)

Until the amendment to article 17(1) of the Articles of Association adopted by the Annual General Meeting on 10 May 2017 that came into effect on 1 June 2017, Supervisory Board remuneration was linked in part to the dividends. We therefore assumed that we had indeed complied with the Code and that the variable compensation component was oriented toward the sustainable growth of the company as defined in number 5.4.6(2) sentence 2 of the 2017 Code. However, as it could not be ruled out that other views would be taken in this respect, a deviation from this recommendation in the Code was declared as a precautionary measure. The amendment to the Articles of Association that came into effect on 1 June 2017 introduced fixed remuneration retroactively as of 1 January 2017, so that the recommendation has definitely been complied with since 1 June 2017.

e) 4.2.3(2) sentence 3 (variable remuneration package in principle future-oriented)

The recommendation that the variable remuneration components based on a multi-year assessment should essentially be forward-looking has been recently added to the Code. The corresponding remuneration components for the members of the Board of Management were in the former system essentially based on the results of the past fiscal year and would therefore not be suitable for this recommendation. In February 2017, the Supervisory Board adopted a new system for the Board of Management remuneration in which the multi-year variable remuneration components were essentially future-oriented. The new remuneration system was fully implemented with retroactive effect to January 1st 2017.

f) 5.4.1 (2) sentence 1 (objectives regarding the composition of the Supervisory Board; profile of skills and expertise)

This recommendation concerning the specification of concrete objectives for the composition of the Supervisory Board was supplemented when the 2017 Code came into force to the effect that the Supervisory Board should also prepare a profile of skills and expertise for the entire committee in addition to specifying objectives for its composition. This recommendation, more specifically the supplement, has not been complied with from when the amended version of the recommendation took effect until today due to the new addition. Following consultations and specifications on the part of the Supervisory Board, this recommendation will be complied with in full as of today.

g) 5.4.1(5) sentence 2 (curriculum vitae of the members of the Supervisory Board)

The recommendation to publish updated curriculum vitae of all members of the Supervisory Board on the company website every year, including an overview of the main ancillary activities has been newly added to the 2017 Code. The curriculum vitae of members of the Supervisory Board were published on 1 August 2017; this included an overview of their main ancillary activities beyond their Supervisory Board mandates. The recommendation has been complied with since that time."

3.17 Selected Historical Financial Information

3.17.1 *Figures of Nine Months 2018*

The following consolidated operating and financial data were extracted from the Volkswagen Group's interim report for the period January 1, 2018 to September 30, 2018:

Volume Data[1] (unaudited)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	%
Vehicle sales (units)	8,123,044	7,912,844	+2.7
Production (units)	8,178,747	8,039,052	+1.7
Employees at 30 September 2018/31 December 2017	660,600	642,300	+2.9

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method.

Financial Data (IFRS), € million (unaudited)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017[7]	%
Sales revenue	174,577	170,065	+2.7
Operating result[1]	10,871	10,636	+2.2
Earnings before tax	12,518	10,290	+21.7
Earnings after tax	9,376	7,543	+24.3
Earnings attributable to Volkswagen AG shareholders	9,118	7,344	+24.1
Cash flows from operating activities	9,110	346	n.m.
Automotive Division[2]			
Total research and development costs	9,850	9,844	+0.1
R&D ratio (as a percentage)[3]	6.6	6.8	
Cash flows from operating activities	14,931	8,040	+85.7
Capex[4]	7,853	7,089	+10.8
as a percentage of sales revenue[4]	5.3	4.9	
Net cash flow[5]	3,490	–2,948	n.m.
Net liquidity[6] at 30 September	24,794	25,443	–2.6

Sales revenue and operating result on the Volkswagen Group level as well as R&D ratio, capex as a percentage of sales revenue, net ash flow and net liquidity in the Automotive Division are − amongst others − core performance indicators, which are derived from the current strategic goals and therefore are the basis of the internal management system. All figures are disclosed in the annual reports of Volkswagen AG for the respective periods.

1 Operating result is defined as sales revenue net of cost of sales, distribution expenses, administrative expenses and other operating income/expenses in the income statement.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Research and development ratio ("R&D ratio") in the Automotive Division is defined as total research and development costs in relation to sales revenue.
4 Capex is defined as investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property (nine months ended September 30, 2018: €7,853 million, September 30, 2017: €7,089 million) and as percentage of sales revenue divided by sales revenue (nine months ended September 30, 2018: €148,424 million, September 30, 2017: €144,754 million).
5 Net cash flow is defined as cash flows from operating activities (nine months ended September 30, 2018: €14,931 million, September 30, 2017: €8,040 million), net of investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits) (nine months ended September 30, 2018: €11,441 million, September 30, 2017: €10,988 million).
6 Net liquidity is defined as the total of cash and cash equivalents (nine months ended September 30, 2018: €16,049 million, September 30, 2017: €15,245 million), securities, loans from related parties and time deposits (nine months ended September 30, 2018: €12,934 million, September 30, 2017: €16,261 million) net of third-party borrowings (noncurrent and current financial liabilities) (nine months ended September 30, 2018: €4,189 million, September 30, 2017: €6,063 million).
7 Adjusted for changes in accounting policy, see disclosures on IFRS 9 and 15 under “Accounting policies” in the notes to the Interim Financial Statements.

3.17.2 *Figures of 2017*

The following consolidated operating and financial data were extracted from the Volkswagen Group's 2017 annual report:

Volume Data[1] (unaudited)	2017	2016	%
Vehicle sales (units)	10,777,048	10,391,113	+3.7
Production (units)	10,875,000	10,405,092	+4.5
Employees at 31 December	642,292	626,715	+2.5

[1] Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method.

Financial Data (IFRS), € million (audited)	2017	2016	% (unaudited)
Sales revenue	230,682	217,267	+6.2
Operating result[1]	13,818	7,103	+94.5
Earnings before tax	13,913	7,292	+90.8
Earnings after tax	11,638	5,379	n.m.
Earnings attributable to Volkswagen AG shareholders	11,354	5,144	n.m.
Cash flows from operating activities	– 1,185	9,430	n.m.
Automotive Division[2]			
Total research and development costs	13,135	13,672	−3.9
R&D ratio (as a percentage)[3]	6.7	7.3	
Cash flows from operating activities	11,686	20,271	−42.4
Capex[4]	12,631	12,795	−1.3
as a percentage of sales revenue (unaudited)[4]	6.4	6.9	
Net cash flow[5]	– 5,950	4,330	n.m.
Net liquidity[6] at 31 December	22,378	27,180	−17.7

Sales revenue and operating result on the Volkswagen Group level as well as R&D ratio, capex as a percentage of sales revenue, net cash flow and net liquidity in the Automotive Division are − amongst others − core performance indicators, which are derived from the current strategic goals and therefore are the basis of the internal management system. All figures are disclosed in the annual reports of Volkswagen AG for the respective periods.

[1] Operating result is defined as sales revenue net of cost of sales, distribution expenses, administrative expenses and other operating income/expenses in the income statement.
[2] Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
[3] Research and development ratio ("**R&D ratio**") in the Automotive Division is defined as total research and development costs in relation to sales revenue.
[4] Capex is defined as investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property (2017: €12,631 million, 2016: €12,795 million) and as percentage of sales revenue divided by sales revenue (2017: €196,949 million, 2016: €186,016 million).
[5] Net cash flow is defined as cash flows from operating activities (2017: €11,686 million, 2016: €20,271 million), net of investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits) (2017: €17,636 million, 2016: €15,941 million).
[6] Net liquidity is defined as the total of cash and cash equivalents (2017: €13,428 million, 2016: €14,125 million), securities, loans from related parties and time deposits (2017: €15,201 million, 2016: €17,911 million) net of third-party borrowings (noncurrent and current financial liabilities) (2017: €6,251 million, 2016: €4,856 million).

3.17.3 *Figures of 2016*

The following consolidated operating and financial data were extracted from the Volkswagen Group's 2016 annual report:

Volume Data[1] (unaudited)	2016	2015	%
Vehicle sales (units)	10,391,113	10,009,605	+3.8
Production (units)	10,405,092	10,017,191	+3.9
Employees at 31 December	626,715	610,076	+2.7

[1] Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method.

Financial Data (IFRS), € million (audited)	2016	2015	% (unaudited)
Sales revenue	217,267	213,292	+1.9

Financial Data (IFRS), € million (audited)	2016	2015	% (unaudited)
Operating result[1]	7,103	−4,069	n.m.
Earnings before tax	7,292	−1,301	n.m.
Earnings after tax	5,379	−1,361	n.m.
Earnings attributable to Volkswagen AG shareholders	5,144	−1,582	n.m.
Cash flows from operating activities	9,430	13,679	−31.1
Automotive Division[2]			
Total research and development costs	13,672	13,612	+0.4
R&D ratio (as a percentage)[3]	7.3	7.4	
Cash flows from operating activities	20,271	23,796	−14.8
Capex[4]	12,795	12,738	+0.4
as a percentage of sales revenue (unaudited)[4]	6.9	6.9	
Net cash flow[5]	4,330	8,887	−51.3
Net liquidity[6] at 31 December	27,180	24,522	+10.8

Sales revenue and operating result on the Volkswagen Group level as well as R&D ratio, capex as a percentage of sales revenue, net cash flow and net liquidity in the Automotive Division are - amongst others - core performance indicators, which are derived from the current strategic goals and therefore are the basis of the internal management system. All figures are disclosed in the annual reports of Volkswagen AG for the respective periods.

1 Operating result is defined as sales revenue net of cost of sales, distribution expenses, administrative expenses and other operating income/expenses in the income statement.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

3 Research and development ratio ("**R&D ratio**") in the Automotive Division is defined as total research and development costs in relation to sales revenue.

4 Capex is defined as investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property (2016: €12,795 million, 2015: €12,738 million) and as percentage of sales revenue divided by sales revenue (2016: €186,016 million, 2015: €183,936 million).

5 Net cash flow is defined as cash flows from operating activities (2016: €20,271 million, 2015: €23,796 million), net of investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits) (2016: €15,941 million, 2015: €14,909 million).

6 Net liquidity is defined as the total of cash and cash equivalents (2016: €14,125 million, 2015: €15,294 million), securities, loans from related parties and time deposits (2016: €17,911 million, 2015: €14,812 million) net of third-party borrowings (noncurrent and current financial liabilities) (2016: €4,856 million, 2015: €5,583 million).

3.18 Legal and Arbitration Proceedings

Various legal risks could potentially have materially adverse consequences for Volkswagen's business, results of operations, financial position and net assets.

3.18.1 *Proceedings related to Diesel Issue*

The Volkswagen Group is involved in extensive investigations and legal proceedings in relation to the diesel issue as further detailed below. See also "*Risk Factors — Risk Factors regarding Volkswagen Aktiengesellschaft and Volkswagen Group — Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations, and related civil and criminal litigation, may have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, as well as the prices of its securities, including the Notes, and its ability to make payments under its securities*".

3.18.1.1 *Coordination with the authorities on technical measures*

Based on decisions dated October 15, 2015, the KBA ordered the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles and SEAT brands to recall all diesel vehicles that had been issued with vehicle type approval by the KBA from among the eleven million vehicles affected with type EA 189 engines. The recall concerns the member states of the European Union (EU 28). On December 10, 2015, a similar decision was issued regarding Audi vehicles with type EA 189 engines. The timetable and action plan forming the basis for the recall order correspond to the proposals presented in advance by Volkswagen. Volkswagen Group has been recalling the affected vehicles, of which there are around 8.5 million in total in the EU 28, to service workshops since January 2016. The remedial actions differ in scope depending on the engine variant. The technical measures cover software and in some cases hardware modifications, depending on the series and model year.

The technical measures for all vehicles in the European Union have since been approved without exception. The KBA ascertained for all clusters (groups of vehicles) that implementation of the technical measures would not bring about any adverse changes in fuel consumption figures, CO2 emissions figures, engine power, maximum torque and noise emissions. Once the modifications have been made, the vehicles will thus also continue to comply with the legal requirements and the emission standards applicable in each case. The technical measures for all affected vehicles with type EA 189 engines in the European Union were approved without exception, and implemented in most cases.

In some countries outside the EU – among others South Korea, Taiwan and Turkey – vehicles are homologated by national type approval authorities; the technical measure must therefore be approved by the national authorities. With the exception of Chile, this approval process has been concluded in all countries.

There is an intensive exchange of information with the authorities in the United States and Canada, where Volkswagen's planned actions for the four-cylinder and six-cylinder diesel engines have to be approved by U.S. regulators. Due to NOx limits in the United States and Canada that are considerably stricter than in the EU and the rest of the world, it is a greater technical challenge to refit the vehicles so that the emission standards defined in the settlement agreements for these vehicles can be achieved. The EPA/CARB have approved emissions modifications for the following 2.0 liter, four-cylinder diesel vehicles: Generation 1 vehicles (model year 2009-2014 Jetta and Jetta Sportwagen, model year 2010-2013 Golf 2-door, model year 2010-2014 Golf 4-door, model year 2013-2014 Beetle and Beetle Convertible, and model year 2010-2013 Audi A3), Generation 2 automatic transmission vehicles (model year 2012-2014 Passat), and both phases of a two part emissions modification for Generation 3 vehicles (model year 2015). The EPA/CARB have also approved emissions modifications for the following 3.0 liter, six-cylinder diesel vehicles: (i) Generation 2.1 vehicles (model year 2013-2015 Audi Q7, model year 2013-2014 VW Touareg, and model year 2013-2014 Porsche Cayenne); (ii) Generation 2.2 SUVs (model year 2015-2016 VW Touareg, and model year 2015-2016 Porsche Cayenne); (iii) Generation 2 passenger cars (model year 2014-2016 Audi A6, model year 2014-2016 A7, model year 2014-2016 A8, model year 2014-2016 A8L, and model year 2014-2016 Q5); (iv) Generation 1.1. vehicles (model year 2009-2010 Audi Q7 and model year 2009-2010 VW Touareg) and (v) Generation 1.2 vehicles (model year 2011-2012 Audi Q7 and model year 2011-2012 Volkswagen Touareg). The buyback/retrofit program for vehicles in the United States, which is part of the settlements in North America, is proving to be more technically complex and time consuming than anticipated. For example, on September 7, 2017, the EPA and CARB rejected the proposed emissions modification for 2.0 liter Generation 2 diesel vehicles with manual transmissions (model-year 2012-2014 Passat vehicles with manual transmissions). Similarly, on November 9, 2017, the EPA and CARB withdrew their previous approval of the proposed emissions modification for approximately 2,800 2.0 liter, four-cylinder model year 2009 Generation 1 diesel vehicles in the U.S. on the grounds that these vehicles require a mechatronic hardware change before the previously approved emissions modification can be installed. A revised emissions modification for these Generation 1 diesel vehicles was subsequently approved on December 28, 2017. Where emissions modifications have been approved by U.S. regulators, similar emissions recall programs to those in the U.S. have been developed for Canada. In the case of 2.0 liter Generation 2 diesel vehicles with manual transmissions, Volkswagen Group of America, Inc. has withdrawn its intent to seek approval of an emissions modification. Because no repair is available for these 2.0 liter Generation 2 manual transmission vehicles, consumers in the U.S. who owned or leased these vehicles as of June 28, 2016 had the option to participate in the settlement and receive a buyback or early lease termination or opt out of the settlement between May 1, 2018 and June 1, 2018. Because no repair will likewise be available in Canada, consumers in possession of these vehicles had the option to participate in the Canadian settlement and receive a buyback, trade-in or early lease termination or, if they had not already made a claim or received benefits, opt out of the settlement between June 15, 2018 and August 15, 2018. Even if not covered under a settlement, Volkswagen may be required to repurchase any other 2.0 liter Generation 2 diesel vehicles with manual transmissions and any other vehicles sold in the United States, Canada and elsewhere. This could lead to further significant costs. For example, in Canada, as agreed with the federal environmental regulator, Volkswagen Group Canada conducted an outreach to any owners or lessees of manual transmission 2.0 liter Generation 2 diesel vehicles who made a claim by the September 1, 2018 settlement deadline to surrender their vehicle, but were not eligible

under the Canadian settlement. Furthermore, if the technical solutions implemented by Volkswagen in order to rectify the diesel issue are not implemented in a timely or effective manner or have an undisclosed negative effect on the performance, fuel consumption or resale value of the affected vehicles, regulatory proceedings and/or customer claims for damages could be brought in the future.

For many months, AUDI AG has been intensively checking all diesel concepts for possible discrepancies and retrofit potentials. A systematic review process for all engine and gear variants has been underway since 2016. On June 14, 2017, based on a technical error in the parametrization of the transmission software for a limited number of specific Audi A7/A8 models that AUDI AG itself discovered and reported to the KBA, the KBA issued an order with which a correction proposed by AUDI AG will be submitted. The technical error lies in the fact that, in the cases concerned, by way of exception a specific function that is standard in all other vehicle concepts is not implemented in actual road use. In Europe, this affects around 24,800 units of certain Audi A7/A8 models. In a preliminary, non-binding assessment, the KBA has not categorized this error as an unlawful defeat device.

On July 21, 2017, AUDI AG offered a software-based retrofit program for up to 850,000 vehicles with V6 and V8 TDI engines meeting the Euro 5 and Euro 6 emission standards in Europe and other markets except the United States and Canada. The measure will mainly serve to further improve the vehicles' emissions in real driving conditions in inner city areas beyond the legal requirements. This will be done in close cooperation with the authorities, which have been provided with detailed reports, especially the German Federal Ministry of Transport and the KBA. The retrofit package comprises voluntary measures and, to a small extent, measures directed by the authorities; these are measures which were proposed by AUDI AG itself, reported to and taken up by the KBA and formally ordered by the latter. The tests for the voluntary measures and those which have been formally ordered have already reached an advanced stage, but have not yet been completed. The measures formally ordered by the KBA so far involved different models of the AUDI, Volkswagen and Porsche brand with a V6 or V8 TDI engine meeting the Euro 6 emission standard, for which the KBA categorized certain emission strategies as an unlawful defeat device.

AUDI currently believes that the overall cost of the software-based retrofit program or additional software updates including the scope related to measures which already have been formally ordered by the KBA will be manageable and has recognized provisions in this respect. Should additional measures become necessary as a result of the investigations by AUDI AG and the consultations with the KBA, AUDI AG will implement these as part of or in addition to the retrofit program. This is the case for a software update for 83,000 Audi A6 and A7 models worldwide with 3.0 liter TDI Generation 2evo engines for which measures have been formally ordered by the KBA. The tests for the voluntary measures and those which have been formally ordered have already reached an advanced stage, but have not yet been finally completed. Therefore, additional measures cannot be excluded. Furthermore on April 4, 2018, the Korean Ministry of Environment ordered a recall after it has categorized (i) certain emissions strategies in the engine control software of various AUDI, Volkswagen and Porsche brand diesel vehicles with a V6 or V8 engine and the Euro 6 emissions classification, and (ii) the Dynamic Shift Program (DSP) in the gearbox control in some AUDI vehicle models, as prohibited defeat devices. In addition, AUDI is responding to requests from the U.S. authorities for information regarding automatic gearboxes in certain vehicles. Further field measures with financial consequences can therefore not be ruled out completely at this time.

3.18.1.2 ***Criminal and administrative proceedings worldwide (excluding the United States/Canada)***

In addition to the above-described approval processes with the responsible approval authorities, in some countries criminal investigations/misdemeanor proceedings (for example, by the public prosecutor's offices in Braunschweig and Munich, Germany) and/or administrative proceedings (for example, by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**")) have been opened. On June 13, 2018, the Braunschweig public prosecutor issued an administrative order against Volkswagen AG in the context of the diesel issue. According to the findings of the investigation, monitoring duties had been breached in the Powertrain Development department in the context of vehicle tests and

these breaches were concurrent causes of 10.7 million vehicles with the diesel engines of the types EA 288 (Gen3), in the United States and in Canada, and EA 189, world-wide, being advertised, sold to customers, and placed on the market with an alleged impermissible software function in the period between mid-2007 and 2015. The administrative order provides for a fine of €1 billion. Volkswagen AG has accepted the fine and it will not lodge an appeal against it. The Munich II public prosecutor also issued an administrative order against AUDI AG on October 16, 2018, in the context of deviations from regulatory requirements in certain V6 and V8 diesel aggregates and diesel vehicles manufactured or distributed by AUDI AG. The administrative order provides for a fine of EUR 800 million. AUDI AG has accepted the fine.

Contingent liabilities have been disclosed in cases where they can be assessed and for which the likelihood of a sanction was deemed not lower than 10%.

In addition, the public prosecutor's office in Braunschweig announced that it has also initiated investigations against one current and two former Volkswagen AG Board of Management members regarding their possible involvement in potential market manipulation in connection with the release of information concerning the diesel issue. In July 2018 the public prosecutor's office in Braunschweig formally opened a misdemeanor proceeding in this regard against Volkswagen AG. The Stuttgart public prosecutor's office also confirmed that it is investigating, among others, the CEO of Volkswagen AG in his capacity as member of the management board of Porsche SE, regarding his possible involvement in potential market manipulation in connection with this same issue. Moreover, the Stuttgart public prosecutor's office has commenced a criminal investigation into the diesel issue against one board member and two employees of Porsche AG on suspicion of fraud and illegal advertising. Furthermore, the public prosecutor's office in Munich II is investigating certain current and former employees in connection with the alleged anomalies in the NOx emissions of certain Audi vehicles with diesel engines in the United States and Europe, among others against the former CEO of AUDI AG, who is also a former member of Volkswagen AG's Board of Management. Should these investigations result in adverse findings against the individuals involved, this could have a negative impact on the outcome of other proceedings against Volkswagen and/or could have other material adverse financial consequences.

In connection with the various criminal proceedings, offices of Volkswagen AG and its subsidiaries have been searched by different public prosecutor's offices.

3.18.1.3 *Product-related lawsuits worldwide (excluding the United States/Canada)*

It is possible that customers, consumer associations and/or environmental associations in the affected markets will file civil lawsuits against Volkswagen AG and other Volkswagen Group companies. In addition, it is possible that importers and dealers could assert claims against Volkswagen, for example through recourse claims. As well as individual lawsuits, class action, collective or mass proceedings are possible in various jurisdictions. Furthermore, in a number of markets it is possible that consumer associations and/or environmental associations will apply for an injunction or assert claims for a declaratory judgment or for damages. In the context of the diesel issue, various civil lawsuits are currently pending against Volkswagen AG and other Volkswagen Group companies at present.

There are pending class action, collective or mass proceedings and lawsuits brought by consumer and/or environmental associations against Volkswagen AG and other Volkswagen Group companies in various countries such as Argentina, Australia, Austria, Belgium, Brazil, China, the Czech Republic, Germany, Israel, Italy, Mexico, the Netherlands, Poland, Portugal, South Africa, South Korea, Spain, Switzerland, Taiwan and the United Kingdom. These proceedings are lawsuits aimed among other things at asserting damages, rescission of the purchase contracts or, as is the case in the Netherlands, at a declaratory judgment that customers are entitled to damages. With the exception of Brazil, where there has already been a non-binding judgment in the first instance, these proceedings are in the early stages and it is difficult to assess their prospects of success, the allegations and the claimants' precise causes of action or to quantify the exposure.

In South Korea, various mass proceedings are pending (in some of these individual lawsuits several hundred litigants have been aggregated). These lawsuits have been filed to assert damages and to rescind the purchase contract including repayment of the purchase price. Due

to special circumstances in the market and specific characteristics of the South Korean legal system, Volkswagen estimates the litigants' prospects of success in the South Korean mass proceedings mentioned above to be inherently higher than in proceedings in other jurisdictions outside the United States and Canada. On May 12, 2017, one first-instance judgment was delivered in these proceedings in South Korea, in which the court completely dismissed an action filed to assert criminal damages over pollution. The judgment has since become binding.

On November 29, 2017, Volkswagen AG was served with an action brought by the U.S. law firm Hausfeld on behalf of Financialright GmbH before the Regional Court Braunschweig, asserting assigned claims by German customers regarding 15,374 affected vehicles. In addition, on January 31, 2018, Volkswagen AG was served with a further action filed by the Hausfeld law firm (dated December 29, 2017) on behalf of Financialright GmbH asserting assigned claims by an additional 2,004 customers. The 2,004 customers are exclusively customers who have concluded their sales or leasing contracts in Switzerland. Financialright GmbH has requested a declaratory judgment that Volkswagen AG is obligated to compensate the respective customers for damages resulting from the use of the software initially installed in vehicles with type EA 189 and − if applicable − for the damages resulting from the technical measures. On April 25, 2018, Volkswagen AG was served with Hausfeld's latest major action on behalf of Financialright GmbH. This latest major action seeks damages based on purportedly assigned claims of approximately 6,000 customers from Slovenia.

The private Spanish consumer protection organisation Organización de Consumidores y Usuarios (OCU) has filed a class action against Volkswagen Group España Distribución S.A. on May 9, 2018. OCU represents around 7,500 Spanish customers.

Volkswagen AG has been served with 14 actions brought by the Austrian consumer protection organization (VKI) asserting claims for damage compensation for approximately 8,400 customers, which have been assigned to VKI for collection. Furthermore, Volkswagen AG has been served with six actions brought by the platform "Cobin Claims" asserting claims for damage compensation for approximately 80 customers, which have assigned their claims to Cobin Claims for collection.

On November 1, 2018, the German Act on Model Declaratory Action came into effect, allowing certain entities to file an action for declaratory judgment on behalf of consumers. Consumers whose claims are in line with the declaratory goals may opt in for the model declaratory action by registering in the claims register. The aim is to isolate identical legal issues of a larger number of different individual claims and to have them decided swiftly and coherently by a single court. An individual consumer's claim has to be established in a subsequent individual proceeding. On November 1, 2018, a German consumer protection association filed a declaratory model action against Volkswagen AG. According to the association's press statements, it will seek a declaratory judgement on factual and legal questions relating to alleged damage claims by consumers against Volkswagen AG in relation to the purchase of EA 189 vehicles. The relevant wording of the German Act on Model Declaratory Action is widely understood to mean that the bringing of the action against Volkswagen AG will suspend the statute of limitation for those alleged consumer claims against Volkswagen AG which will be validly registered with a claim register by the day prior to the first oral hearing of the declaratory model action. Consumers will only be able to opt-in until such date.

Furthermore, individual lawsuits and similar proceedings are pending against Volkswagen AG, other Volkswagen Group companies and non-Volkswagen Group importers and dealers in numerous countries such as Austria, Belgium, Brazil, the Czech Republic; China, Chile, France, Germany, Greece, Ireland, Italy, Luxemburg, Poland, Portugal, Romania, Slovakia, Switzerland, Spain, Turkey and the United Kingdom. Additional claims can be expected. In Germany, around 25,500 individual law suits are pending against Volkswagen AG and/or affiliated companies.

Contingent liabilities have been disclosed for those proceedings that can be assessed and for which the chance of success was deemed not implausible. Provisions were recognized to a small extent. It is too early to estimate how many customers will take advantage of the option to file lawsuits in the future, beyond the existing lawsuits, or what their prospects of success will be.

3.18.1.4 ***Investor proceedings (excluding the United States/Canada)***

Investors from Germany and abroad have filed claims for damages against Volkswagen AG − in some cases along with Porsche Automobil Holding SE as joint and several debtors − based on purported losses due to alleged misconduct in capital market communications in connection with the diesel issue. The claims relate to Volkswagen AG's shares and other securities, including bonds, issued by Volkswagen Group companies, as well as third-party securities.

As of the date of this Prospectus, approximately 3,800 actions (including conciliatory proceedings, legal default actions and registrations of claims pursuant to Section 10 para 2 of the KapMuG have been served on Volkswagen AG. Currently, the actions still pending have an overall dispute value totalling around EUR 9 billion. Almost the entire volume is currently pending in approximately 1,600 lawsuits at the District Court (*Landgericht*) in Braunschweig.

On August 5, 2016, the Braunschweig District Court ordered that common questions of law and fact relevant to the lawsuits pending at the Braunschweig District Court be referred to the Higher Regional Court (*Oberlandesgericht*) in Braunschweig for a binding declaratory decision pursuant to the KapMuG, which establishes a procedure for consolidated adjudication in a higher regional court of legal and factual questions common to numerous securities actions. In this proceeding, common questions of law and fact relevant to these actions shall be adjudicated in a consolidated manner by the Higher Regional Court in Braunschweig. All lawsuits at the Braunschweig District Court will be stayed pending resolution of the common issues, unless they can be dismissed for reasons independent of the common issues that are adjudicated in the model case proceedings. The resolution of the common issues in the model case proceedings will be binding on all pending cases in the stayed lawsuits. The model case proceedings oral hearings began in September 2018.

At the District Court in Stuttgart, further investor lawsuits have been filed. On December 6, 2017, the District Court in Stuttgart issued an order for reference to the Higher Regional Court in Stuttgart in relation to procedural issues, particularly for clarification of jurisdiction. On account of the diesel issue, further independent model case proceedings against Porsche SE are also pending before the Higher Regional Court in Stuttgart.

Outside Germany (excluding the United States and Canada) only a small number of investors has sued Volkswagen.

A shareholder association in the Netherlands has filed a lawsuit without specifying any amount claimed, alleging that Volkswagen deceived the capital markets. A decision on the question of jurisdiction of the Dutch courts is currently stayed until final ruling has been made in a similar preceding lawsuit.

Except for legal costs, no provisions have been recognized for these investor lawsuits currently amounting to a total of approximately EUR 9 billion.

BaFin initiated in October 2015 investigations into the question whether Volkswagen AG complied with its capital market disclosure obligations under the German Securities Trading Act (*Wertpapierhandelsgesetz*) in the context of the diesel issue. In June 2016, on the basis of a notice by BaFin, the State Prosecutor's office in Braunschweig initiated an investigation concerning potential market manipulation and violation of securities laws against Volkswagen AG's former CEO, Martin Winterkorn, and Herbert Diess (Volkswagen AG's Board of Management member responsible for the Volkswagen Passenger Cars brand, since July 2015, and CEO of Volkswagen AG, since April 2018). These investigations were later extended to Hans Dieter Pötsch, former CFO and current Chairman of the Supervisory Board of Volkswagen AG. In July 2018 the public prosecutor's office in Braunschweig formally opened a misdemeanor proceeding in this regard against Volkswagen AG.

In August 2016, Deutsche Schutzvereinigung für Wertpapierbesitz e.V. ("**DSW**"), a German association for private investors, initiated court proceedings on behalf of certain large U.S. institutional investors, to enforce by a court decision a special independent audit of the diesel issue, including the question whether in the context of the diesel issue the Board of Management and the Supervisory Board of Volkswagen AG violated their legal duties, and a review of

Volkswagen's risk management and compliance systems. In December 2016, Deminor Recovery Services, an association located in Brussels, Belgium, initiated comparable court proceedings on behalf of certain large U.S., British and Swedish institutional investors. Both proceedings were instituted after Volkswagen AG's general shareholders' meeting in June 2016 voted down resolutions proposed by DSW and Deminor Recovery Services, respectively, to appoint a special auditor. In November 2017, the higher regional court in Celle ordered the appointment of a special auditor for Volkswagen AG in the DSW case. However, the higher regional court of Celle was informed subsequently that the court-appointed special auditor is no longer available due to reaching the retirement age. The ruling from the higher regional court of Celle is formally legally binding. However, Volkswagen AG lodged a constitutional complaint with the German Federal Constitutional Court regarding the infringement of its constitutionally guaranteed rights. It is currently unclear when the Federal Constitutional Court will reach a decision on this matter. In addition, DSW has filed a motion with the district court of Hanover to replace the appointed special auditor. Volkswagen AG has challenged this motion and argued that such replacement is not permissible under applicable law. The district court of Hanover has indicated that no decision will be issued prior to the end of November 2018. The second motion by Deminor Recovery Services with the district court of Hanover is suspended until the Federal Constitutional Court's decision in the DSW matter.

3.18.1.5 *Proceedings in the United States/Canada*

Following the publication of the EPA's "Notices of Violation" of the U.S. Clean Air Act, Volkswagen AG and other Volkswagen Group companies have been the subject of intense scrutiny, ongoing investigations (civil and criminal) and civil litigation. Volkswagen AG and/or other Volkswagen Group companies have received subpoenas and inquiries from state attorneys general and other governmental authorities and are responding to such investigations and inquiries. In addition, Volkswagen AG and other Volkswagen Group companies in the United States and Canada are facing litigation on a number of different fronts relating to the matters described in the EPA's "Notices of Violation".

A large number of putative class action lawsuits by customers and dealers have been filed in U.S. federal courts and consolidated for pretrial coordination purposes in the federal multidistrict litigation proceeding in the State of California.

On January 4, 2016, the DoJ, Civil Division, on behalf of the EPA, initiated a civil complaint against Volkswagen AG, AUDI AG and certain other Volkswagen Group companies. The action seeks statutory penalties under the U.S. Clean Air Act, as well as certain injunctive relief, and has been consolidated for pretrial coordination purposes in the California multidistrict litigation.

On January 12, 2016, CARB announced that it intended to seek civil fines for alleged violations of the California Health & Safety Code and various CARB regulations. On June 28, 2016, Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates lodged with the Court a first partial consent decree with the DoJ on behalf of the EPA, CARB and the California Attorney General; and also filed a settlement agreement with private plaintiffs represented by a PSC in the Multi-District Litigation pending in California and a partial consent order with the FTC. Collectively, these agreements resolved certain civil claims made in relation to affected diesel vehicles with 2.0 liter TDI diesel engines from the Volkswagen Passenger Cars and Audi brands in the United States. On October 18, 2016, a fairness hearing on whether final approval should be granted was held, and on October 25, 2016, the court granted final approval of the agreements. A number of class members have filed appeals to a U.S. appellate court from the order approving the settlements and on July 9, 2018, a three-judge panel on the U.S. appellate court affirmed the settlement. Certain of those class members have appealed that decision for an *en banc* rehearing by the U.S. appellate court.

The settlements provide affected customers with the option of a buyback or, for leased vehicles, early lease termination, or a free emissions modification of the vehicles, which is currently only available for Generation 3 2.0 liter vehicles, Generation 2 automatic transmission diesel Passat vehicles and Generation 1 2.0 liter vehicles. Volkswagen will also make additional cash payments to affected current owners or lessees as well as certain former owners or lessees. Volkswagen also agreed to support environmental programs. The company will pay USD 2.7 billion over three years into an environmental trust, managed by a trustee appointed by the court, to offset excess

NOx emissions; Volkswagen made the first and second payments of USD 900 million in November 2016 and November 2017, respectively. Volkswagen will also invest in total USD 2.0 billion over ten years in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives.

Volkswagen AG and certain affiliates also entered into a separate partial consent decree with CARB and the California Attorney General resolving certain claims under California unfair competition, false advertising, and consumer protection laws related to both the 2.0 liter and 3.0 liter TDI diesel engine vehicles, which was lodged with the court on July 7, 2016.

Under the terms of the agreement, Volkswagen agreed to pay California USD 86 million. The court entered judgment on the partial consent decree on September 1, 2016 and the USD 86 million payment was made on September 28, 2016. The partial consent decree includes injunctive and periodic reporting obligations aimed at improving Volkswagen's compliance system.

On December 20, 2016, Volkswagen entered into a second partial consent decree with the DoJ, EPA, CARB and the California Attorney General that resolved claims for injunctive relief under the Clean Air Act and California environmental, consumer protection and false advertising laws related to the 3.0 liter TDI diesel engine vehicles. Under the terms of this consent decree, Volkswagen agreed to implement a buyback and lease termination program for Generation 1 (model years 2009-2012) 3.0 liter TDI diesel engine vehicles and a free emissions recall and modification program for Generation 2 (model years 2013-2016) 3.0 liter TDI diesel engine vehicles; and pay USD 225 million into the environmental mitigation trust that will be established pursuant to the first partial consent decree. The second partial consent decree was lodged with the court on December 20, 2016 and approved on May 17, 2017.

In addition, on December 20, 2016, Volkswagen entered into an additional, concurrent second partial consent decree, subject to court approval, with CARB and the California Attorney General that resolved claims for injunctive relief under California environmental, consumer protection and false advertising laws related to the 3.0 liter TDI diesel engine vehicles. Under the terms of this consent decree, Volkswagen agreed to provide additional injunctive relief to California, including the implementation of a second "Green City" initiative and the introduction of three new Battery Electric Vehicle ("**BEV**") models in California by 2020, as well as a USD 25 million payment to CARB to support the availability of zero emission vehicles in California.

On January 11, 2017, Volkswagen entered into a third partial consent decree with the DoJ and EPA that resolved claims for civil penalties and injunctive relief under the Clean Air Act related to the 2.0 liter and 3.0 liter TDI diesel engine vehicles. Volkswagen agreed to pay USD 1.45 billion (plus any accrued interest) to resolve the civil penalty and injunctive relief claims under the Clean Air Act, as well as the customs claims of the U.S. Customs and Border Protection.

Under the third partial consent decree, the injunctive relief includes monitoring, auditing and compliance obligations. This consent decree, which was subject to public comment, was lodged with the court on January 11, 2017. Also on January 11, 2017, Volkswagen entered into a settlement agreement with the DoJ to resolve any claims under FIRREA and agreed to pay USD 50 million (plus any accrued interest), specifically denying any liability and expressly disputing any claims. The court entered judgment on the third partial consent decree on April 13, 2017. On June 1, 2018, a notice of amendment to the third partial consent decree was filed with the federal multidistrict litigation court in California, modifying certain due dates related to annual reporting requirements.

On January 11, 2017 Volkswagen reached an agreement in principle with the State of California and CARB to pay USD 153.8 million in civil penalties and cost reimbursements. These penalties covered California air quality rule violations for both the 2.0 liter and 3.0 liter TDI diesel engine vehicles. This third partial consent decree with California requires injunctive relief generally mirroring the relief included in the DoJ third partial consent decree. It was lodged with the court on July 20, 2017 and received final approval on July 21, 2017. On August 30, 2018, a notice of amendment to this third California partial consent decree entered into with the State of California was also filed in the federal multidistrict litigation court, modifying certain due dates related to annual reporting requirements.

The DoJ also opened a criminal investigation focusing on allegations that various federal law criminal offenses were committed. As part of its plea agreement, Volkswagen AG pleaded guilty on March 10, 2017 to three felony counts under United States law: (i) conspiracy to defraud the United States, to commit wire fraud and to violate the Clean Air Act, (ii) obstruction of justice, and (iii) using false statements to import cars into the United States. The court accepted Volkswagen AG's guilty plea to all three charges and sentenced the company to three years' probation on April 21, 2017. The plea agreement provides for payment of a criminal fine of U.S.$2.8 billion. Pursuant to the terms of this agreement, Volkswagen will be on probation for three years and will work with an independent monitor for three years. The independent monitor, Larry D. Thompson, who was appointed in April 2017, will assess and oversee the company's compliance with the terms of the resolution. This includes overseeing the implementation of measures to further strengthen compliance, reporting and monitoring systems, including an enhanced ethics program. Volkswagen will also continue to cooperate with the DoJ's ongoing investigation of individual employees or former employees who may be responsible for criminal violations. Moreover, investigations by various U.S. regulatory and government authorities, including in areas relating to securities, tax and financing, are ongoing. For example, the SEC has requested information regarding potential violations of securities laws, in connection with issuances of bonds, and asset-backed securities sponsored, by Volkswagen entities, as a result of nondisclosure of certain Volkswagen diesel vehicles' noncompliance with U.S. emission standards. In January 2017, the SEC informed Volkswagen that it had issued a formal order of investigation; the investigation is ongoing, and the SEC could bring an enforcement action against Volkswagen arising out of this investigation.

On January 31, 2017, Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates entered into a settlement agreement with private plaintiffs represented by the PSC in the multidistrict litigation pending in California and a consent order with the FTC. These agreements resolved certain civil claims made in relation to affected diesel vehicles with 3.0 liter TDI diesel engines from the Volkswagen, Audi and Porsche brands in the United States. On February 14, 2017, the court granted preliminary approval of the settlement agreements in relation to the six-cylinder 3.0 liter TDI diesel engines, which were lodged with the court on January 31, 2017. On May 17, 2017, the court finally approved the settlement agreements in connection with the six-cylinder 3.0 liter TDI diesel engines.

Under the settlements, consumers' options and compensation will depend on whether their vehicles are classified as Generation 1 or Generation 2. Generation 1 (model years 2009-2012) consumers will have the option of a buyback, early lease termination, trade-in, or a free emissions modification, provided that EPA and CARB approve the modification. Additionally, Generation 1 owners and lessees, as well as certain former owners and lessees, will be eligible to receive cash payments.

Generation 2 (model years 2013-2016) consumers will receive a free emissions compliant repair to bring the vehicles into compliance with the emissions standards to which they were originally certified as well as cash payments. Volkswagen will also make cash payments to certain former Generation 2 owners or lessees.

In September 2016, Volkswagen announced that it had finalized an agreement to resolve the claims of most Volkswagen branded franchise dealers in the United States relating to TDI vehicles and other matters asserted concerning the value of the franchise. The settlement agreement includes a cash payment of up to USD 1.208 billion, and additional benefits to resolve alleged past, current, and future claims of losses in franchise value. On January 18, 2017, a fairness hearing on whether final approval should be granted was held, and on January 23, 2017, the court granted final approval of the settlement agreement. On April 12, 2017, the court granted the dealer class counsel $3.1 million in attorneys' fees and costs. Certain individual Volkswagen branded franchise dealers have either opted out of the settlement agreement or were not included in the settlement class definition and are pursuing individual claims.

Additionally, in the United States, some putative class actions, some individual customers' lawsuits and some state or municipal claims have been filed in the federal multidistrict litigation and in state courts. These actions include suits on behalf of consumers and franchise dealers who have opted out of the class action settlements. On September 21, 2017, October 25, 2017 and January 9, 2018 the court in the federal multidistrict litigation allowed more than 1,500

consumers who had initially opted out of the class action settlements to revoke their opt outs and participate in the class action settlements, eliminating a number of pending consumer claims. Approximately 1,375 other opt-outs remain pending. Additionally, a putative class action by certain non-Volkswagen car dealerships is currently pending in the federal multidistrict litigation, asserting that Volkswagen engaged in unfair competition by diverting sales from competitors through false advertising. Similarly, a putative class action of Volkswagen salespersons who work at franchise dealerships filed suit, which is currently pending in the multidistrict litigation in California.

Volkswagen reached separate agreements with the attorneys general of 44 U.S. states, the District of Columbia and Puerto Rico, to resolve their existing or potential consumer protection and unfair trade practices claims – in connection with both 2.0 liter TDI and 3.0 liter TDI vehicles in the United States – for a settlement amount of USD 603 million. Six states — Arizona, New Jersey, New Mexico, Oklahoma, Vermont, and West Virginia — did not join these settlements. Volkswagen reached a separate agreement with New Jersey to resolve its consumer protection and environmental claims for USD 69 million. Volkswagen also reached separate agreements with Arizona (USD 40 million), West Virginia (USD 2.7 million), Oklahoma (USD 8.5 million) and Vermont (USD 6.5 million) to resolve their consumer protection claims.

Volkswagen also reached an agreement with the attorneys general of ten U.S. states (Connecticut, Delaware, Maine, Massachusetts, New York, Oregon, Pennsylvania, Rhode Island, Vermont and Washington) to resolve their existing or potential state environmental law claims – in connection with both 2.0 liter and 3.0 liter TDI vehicles – for a settlement amount of approximately USD 157 million. Separately, in April 2018, Volkswagen reached agreement to resolve Maryland's environmental and remaining consumer claims for restitution or injunctive relief, for USD 29 million. Nine U.S. states (Alabama, Illinois, Minnesota, Montana, New Hampshire, New Mexico, Ohio, Tennessee, and Texas) and several counties have suits proceeding in state courts against Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates seeking civil penalties and injunctive relief for alleged violations of environmental laws. Two other states, Wyoming and Missouri, also filed environmental actions against Volkswagen and its affiliates, but those states' actions were dismissed by the court in the federal multidistrict litigation in California and a Missouri state court, respectively, as pre-empted by the federal Clean Air Act, and Wyoming and Missouri did not appeal. Alabama, Illinois, Minnesota, Missouri, Montana, New Hampshire, Ohio, Tennessee, and Texas participated in the state settlements described above with respect to consumer protection and unfair trade practices claims, but those settlements did not include claims for environmental penalties.

Volkswagen has moved to dismiss (or moved for summary judgment on) several of the pending state environmental lawsuits on pre-emption grounds. On December 18, 2017, an Alabama state court dismissed Alabama's environmental action as pre-empted by the federal Clean Air Act, though Alabama has appealed that decision. On March 9, 2018, and March 20, 2018, state courts in Minnesota and Tennessee respectively granted in part and denied in part Volkswagen's motions to dismiss. Volkswagen is appealing both decisions and Tennessee is also appealing. On April 11, 2018, a Texas state court similarly granted in part and denied in part Volkswagen's motion for summary judgment. Although the Texas trial court denied permission to appeal, Volkswagen filed a mandamus petition in a Texas appellate court seeking to overturn the trial court's decision. On April 16, 2018, the court in the federal multidistrict litigation in California dismissed as pre-empted by the federal Clean Air Act state and local environmental claims brought by Hillsborough County, Florida, and Salt Lake County, Utah, rejecting the grounds on which the Tennessee, Minnesota, and Texas courts had declined to dismiss similar claims. The counties have appealed that decision. On June 5, 2018, following the decision of the court in the federal multidistrict litigation, an Illinois state court dismissed Illinois's environmental action, though Illinois has appealed.

Settlement negotiations to resolve consumer and/or environmental claims of the remaining states are ongoing, but it is difficult to predict the outcome of those discussions.

In addition to the lawsuits described above, for which provisions have been recognized, a putative class action has been filed on behalf of purchasers of Volkswagen AG ADRs, alleging a drop in price purportedly resulting from the matters described in the EPA's "Notices of Violation". On August 28, 2018, the parties to this litigation filed a "Stipulation and Agreement of Settlement",

agreeing to settle the litigation on behalf of the putative class of ADR purchasers in exchange for a cash payment of U.S.$48 million. The proposed settlement is subject to approval by the court.

A putative class action has also been filed on behalf of purchasers of certain USD-denominated Volkswagen bonds, alleging that these bonds were trading at artificially inflated prices due to Volkswagen's alleged misstatements and omissions to disclose material facts, and that the value of these bonds declined after the EPA issued its "Notices of Violation". This lawsuit has also been consolidated in the federal multidistrict litigation proceeding in the State of California described above. No provisions have been recognized. In addition, contingent liabilities have not been disclosed as they currently cannot be measured.

In Canada, civil consumer claims and regulatory investigations have been initiated for vehicles with 2.0 liter and 3.0 liter diesel engines. On December 19, 2016, Volkswagen AG and other Canadian and U.S. Volkswagen Group companies reached a class action settlement in Canada with consumers relating to 2.0 liter diesel engine vehicles, which the courts approved on April 21, 2017. Also on December 19, 2016, Volkswagen Group Canada agreed with the Commissioner of Competition in Canada to a civil resolution of its regulatory inquiry into consumer protection issues as to those vehicles. Attorneys' fees and costs in connection with the 2.0 liter consumer settlement have to date been resolved through negotiation as to the portion for class counsel representing consumers outside of the Province of Quebec. In June 2017, Volkswagen Group Canada reached an agreement, without court process and on confidential terms, with its Volkswagen-branded franchise dealers to resolve issues related to the diesel emissions matter. On January 12, 2018, and subject to court approval that was granted by April 25, 2018, Volkswagen reached a consumer settlement in Canada involving 3.0 liter diesel vehicles. Also on January 12, 2018, Volkswagen Group Canada and the Canadian Commissioner of Competition reached a civil resolution related to consumer protection issues relating to 3.0 liter diesel vehicles. As to pending matters in Canada, a criminal enforcement related investigation by the federal environmental regulator is ongoing as to Volkswagen AG and Volkswagen Group Canada in relation to 2.0 liter and 3.0 liter diesel engine vehicles. Provisions have been recognized for possible obligations stemming from pending lawsuits in Canada. In addition, on September 15, 2017, the environmental regulator for the Province of Ontario charged Volkswagen AG with a quasi-criminal offense alleging that the company caused or permitted the operation of model year 2010-2014 Volkswagen and Audi 2.0 liter diesel vehicles in Ontario that did not comply with prescribed emission standards. Initial court appearances for the charge took place on November 15, 2017, February 7, 2018, April 4, 2018, June 7, 2018, and September 27, 2018. No trial date has been set, and the matter has been deferred to a December 5, 2018 case conference while Volkswagen AG awaits further evidence disclosure from the province. Provisions have been recognized for possible obligations stemming from pending lawsuits and regulatory investigations in Canada, which are being updated if estimates are revised. On September 17, 2018, Volkswagen, Audi and certain affiliates sought leave to appeal to the Supreme Court further to a decision by the Quebec provincial court on January 24, 2018, authorizing an environmental class action seeking to assess whether punitive damages can be recovered. Moreover, putative class action and joinder lawsuits by consumers remain pending in certain provincial courts in Canada. An assessment of the underlying situation is not possible at this early stage of those proceedings.

In Canada, a class action filed in Quebec provincial court has been authorized as to claims relating to Volkswagen AG's shares and ADRs, and a similar class action was also filed in the Province of Ontario. On August 15, 2018, the Ontario court dismissed the case on the basis that it lacked jurisdiction over the action, and, alternatively, that Ontario is not the convenient forum to try the action. An appeal from this Ontario court ruling was noticed on September 14, 2018. Further investor claims could be brought.

3.18.1.6 *Proceedings in relation to automatic transmissions*

Since November 2016, Volkswagen has been responding to information requests from the EPA and CARB related to automatic transmissions in certain vehicles. Additionally, fourteen putative class actions have been filed against Audi and certain affiliates alleging that defendants concealed the existence of "defeat devices" in Audi brand vehicles with automatic transmissions. These putative class actions have been transferred to the federal multidistrict litigation proceeding in the State of California. On October 12, 2017, plaintiffs filed a consolidated class action complaint, and defendants filed a motion to dismiss on December 11, 2017, which has been fully

briefed. The parties have stipulated to remove from the court's calendar the hearing on the motion to dismiss that had been scheduled for May 11, 2018.

On December 22, 2017, a mass action on behalf of approximately 75 individual plaintiffs was filed in a California state court alleging similar claims with respect to the existence of "defeat devices" in Audi brand vehicles with automatic transmissions. This case was removed to the Northern District of California on January 25, 2018. Plaintiffs have filed a motion to remand the matter back to state court and all briefing has been completed. A hearing date has not been scheduled and the matter has been stayed pending conclusion of the settlement process.

In Canada, two similar putative class actions, including for a national class, have been filed in Ontario and Quebec provincial courts against Audi AG, Volkswagen AG and U.S. and Canadian affiliates. Both of the Canadian actions are in the pre-certification stage. An authorization hearing is scheduled before a Quebec provincial court for November 13, 2018, to determine if the case may proceed as a class action. In the Ontario matter, the hearing on the class certification motion is scheduled for March 29, 2019.

3.18.1.7 *Scrapping subsidies*

Volkswagen AG has received a request for information from the German Federal Office for Economic Affairs and Export Control (*Bundesamt für Wirtschaft und Ausfuhrkontrolle*) in relation to the scrapping subsidies (*Umweltprämie*) granted to vehicle owners by the German government in 2009 and 2010. The scrapping premium per vehicle amounted to €2,500. The authority seeks to determine whether approximately 705,000 Volkswagen Group vehicles fulfilled the then-applicable emissions conditions necessary to qualify for the grant. This includes vehicles with various types of gasoline and diesel engines. The authority has not yet requested Volkswagen to reimburse any subsidies granted to Volkswagen Group customers for vehicles affected by the diesel issue. Based on Volkswagen's current assessment, the reimbursement has no legal basis. However, as of the date of this Prospectus, it cannot be finally excluded that Volkswagen could be required to reimburse any amounts.

3.18.1.8 *Investigations in relation to European Investment Bank loans*

The European Anti-Fraud Office ("**OLAF**") conducted an investigation against Volkswagen AG seeking to determine whether Volkswagen used loans from the European Investment Bank ("**EIB**") or any other funding from the European Union for purposes other than agreed in the respective agreements or funding guidelines, in particular in relation to research and development of the EA 189 engine. On July 25, 2017, Volkswagen AG was notified that OLAF has closed its investigation and submitted its final report dated July 19, 2017 to the public prosecutor's office in Braunschweig and to the EIB who are in the process of reviewing the issue. As of the date of this Prospectus, Volkswagen cannot assess if and to what extent risks may arise from any measure the public prosecutor in Braunschweig and/or the EIB may take following the analysis of the final report.

3.18.2 *Investor Claims in connection with Porsche*

In 2011, ARFB Anlegerschutz UG (*haftungsbeschränkt*) brought an action against Volkswagen AG and Porsche Automobil Holding SE for claims for damages for allegedly violating disclosure requirements under capital market law in connection with the acquisition of ordinary shares in Volkswagen AG by Porsche in 2008. The damages currently being sought are based on allegedly assigned rights and amount to approximately €2.26 billion plus interest. In April 2016, the District Court in Hanover had formulated numerous objects of declaratory judgment that the Cartel Senate of the Higher Regional Court in Celle will decide on in model case proceedings under the KapMuG. In the first hearing on October 12, 2017, the Senate indicated that it currently does not see claims against Volkswagen AG as justified, both in view of a lack of substantiated submissions and for legal reasons. Some of the desired objects of declaratory judgment on the litigants' side may also be inadmissible, the Senate said.

At the time (2010/2011), other investors had also asserted claims arising out of the same circumstances – including claims against Volkswagen AG – in an approximate total amount of €4.6 billion and initiated conciliation proceedings. Volkswagen AG always refused to participate

in these conciliation proceedings; since then, these claims have not been pursued further. Volkswagen AG continues to consider the alleged claims to be without merit.

3.18.3 *Antitrust Proceedings*

3.18.3.1 *Europe*

In 2011, the European Commission opened antitrust proceedings against European truck manufacturers including MAN and Scania. With its first decision following individual settlements in July 2016 the European Commission fined five European truck manufacturers excluding MAN and Scania. MAN was not fined as the company had informed the Commission about the cartel as a key witness. With regard to Scania, the Commission issued a contentious fine decision in September 2017 by which a fine of EUR 0.88 billion was imposed. Scania has appealed to the European Court in Luxembourg and will use all means at its disposal to defend itself. Depending on how the legal proceedings develop, actual fines may differ. In 2016, Volkswagen set aside a EUR 0.4 billion provision in connection with the proceedings. As is the case in any antitrust proceedings, further lawsuits from customers against MAN and Scania have been filed and will continue to be filed, which could result in substantial liabilities.

Volkswagen is also subject to an ongoing antitrust investigation by the European Commission in relation to potential collusion in the field of technical developments among certain European auto manufacturers. As part of an announced review, in November 2017, the European Commission examined documents in the offices of Volkswagen AG and AUDI AG. Prior to and following the examination, Volkswagen Group companies concerned have been cooperating fully and for a long time with the European Commission and have submitted a corresponding application. In September 2018, the European Commission opened a formal investigation into this matter, restricting the scope of the investigation to the subject of clean emissions technology.

Furthermore, Volkswagen is subject to an ongoing antitrust investigation by the German Federal Cartel Office in relation to potential anti-competitive behavior with regard to steel purchasing. Following proceedings against steel manufacturers on alleged price fixing, the Federal Cartel Office in June 2016 extended the scope of its investigation to certain steel processing companies as well as other steel customers including Volkswagen and in this context carried out an on-site inspection in the offices of Volkswagen AG in June 2016. The Volkswagen Group companies concerned are cooperating fully with the Federal Cartel Office.

The above proceedings are currently pending, and it is too early to assess the potential consequences of the investigation on Volkswagen.

In 2017, the Italian Competition Authority initiated proceedings to investigate potential competition law infringements (alleged exchange of competitively sensitive information) by a number of captive automotive finance companies, including Volkswagen Bank GmbH. The proceedings were later extended to the relevant parent companies, including Volkswagen AG. In October 2018, Volkswagen AG and Volkswagen Bank GmbH received a statement of objections summarizing the findings and describing the alleged infringement. At this stage, it is too early to determine the risk exposure for Volkswagen Group.

3.18.3.2 *United States and Canada*

From July through November 2017, plaintiffs filed numerous complaints in various jurisdictions on behalf of putative classes of purchasers of German luxury vehicles against several automobile manufacturers, including Volkswagen AG, Volkswagen Group of America, Inc. and Audi AG. The complaints allege that since the 1990s, defendants engaged in a conspiracy to unlawfully increase the prices of German luxury vehicles by agreeing to share commercially sensitive information and to reach unlawful agreements regarding technology, costs, and suppliers. Moreover, plaintiffs allege that the defendants agreed to limit the size of AdBlue tanks to ensure that U.S. emissions regulators did not scrutinize the emissions control systems in defendants' vehicles, and that such agreement for Volkswagen and Audi was the impetus for the creation of the defeat device. The complaints further allege that defendants coordinated to fix the price of steel used in their automobiles by agreeing with German steel manufacturers to apply a two component pricing formula to steel purchases and worked closely together to generate scientific studies aimed at

promoting diesel vehicles. On May 17, 2018, all defendants filed a joint motion to dismiss the two consolidated class action complaints. On May 24, 2018, Volkswagen defendants also filed an individual motion to dismiss on grounds specific to them. The motions have been fully briefed, and a hearing is currently scheduled for February 12, 2019.

Similar claims have been filed in various Canadian jurisdictions. These claims are at an early stage. Service on Volkswagen AG is still pending in some. It is anticipated that claims will ultimately proceed in Ontario and Quebec. A carriage motion to determine which of the competing claims in Ontario will move forward was decided on March 7, 2018 with the court selecting one of the competing claims. No further steps have been scheduled in any of the Canadian actions at this time.

Additionally, Volkswagen AG and certain of its current and former executives and directors have been named as defendants in a putative class action filed in the United States District Court for the Eastern District of New York. The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, based on allegations relating to statements in Volkswagen AG's Annual Reports for the years 2012 through 2016 regarding Volkswagen AG's compliance measures, in particular those relating to competition and antitrust law, as well as allegations in an antitrust litigation against Volkswagen AG in the Northern District of California. On July 13, 2018, plaintiffs filed an amended complaint, which Volkswagen moved to dismiss on September 11, 2018. Briefing will be completed in December and discovery is stayed pending resolution of the motion to dismiss.

3.18.4 *MAN SE Award Proceedings*

The Annual General Meeting of MAN SE approved the conclusion of a control and profit and loss transfer agreement between MAN SE and Volkswagen Truck & Bus GmbH (formerly Truck & Bus GmbH), a subsidiary of Volkswagen AG, in June 2013. In July 2013, award proceedings were instituted to review the appropriateness of the cash settlement set out in the agreement in accordance with section 305 of the German Stock Corporation Act (*AktG — Aktiengesetz*) and the cash compensation in accordance with section 304 of the German Stock Corporation Act. It is not uncommon for noncontrolling interest shareholders to institute such proceedings. According to the final decision of the Higher Regional Court in Munich in June/July 2018, the cash settlement payable to the noncontrolling interest shareholders was fixed at €90.29 per share and the annual compensation claim at €5.47 gross (less any corporate income tax and any solidarity surcharge according to the respective tax rate applicable to these taxes for the financial year in question). The decisions by the Higher Regional Court in Munich were published in the Federal Gazette on August 6, 2018. In accordance with section 305 of the German Stock Corporation Act, it was possible to accept the cash compensation of €90.29 per share within two months after this date. Further applications were made by some of MAN's noncontrolling interest shareholders to the Higher Regional Court in Munich. Whether these will be accepted by the court has not been decided yet.

3.18.5 *Nullification Lawsuits*

Two separate claims were initiated against Volkswagen in the District Court (*Landgericht*) of Hannover seeking nullification of certain resolutions passed at the annual General Meeting of Shareholders on June 22, 2016. Specifically, the first claim sought nullification of: (i) the discharge of members of the Board of Management for the financial year 2015, (ii) the discharge of members of the Supervisory Board for the financial year 2015 and (iii) the election to the Supervisory Board of Dr. Hessa Sultan Al-Jaber, Ms. Annika Falkengren, Dr. Louise Kiesling and Mr. Hans Dieter Pötsch. The second claim also addressed some of these same issues and specifically sought the nullification of the resolutions on: (i) the allocation of profits, (ii) the discharge of members of the Board of Management for the financial year 2015, (iii) the discharge of members of the Supervisory Board for the financial year 2015 and (iv) the election of Dr. Louise Kiesling and Mr. Hans Dieter Pötsch to the Supervisory Board. In September 2017, the District Court rejected all claims. Following denial by the Higher Regional Court in Celle of the appeal filed by the first claimant, the claimant filed a complaint with the German Supreme Court to overrule and Regional Court's denial and permit the appeal.

On June 22, 2017, an additional claim was initiated against Volkswagen in the District Court (*Landgericht*) of Hannover seeking nullification of certain resolutions passed at the annual General Meeting of Shareholders on May 10, 2017. Specifically, the claim seeks nullification of: (i) the discharge of Mr. Matthias Müller from the Board of Management for the financial year 2016, (ii) the discharge of Mr. Hans Dieter Pötsch from the Supervisory Board for the financial year 2016, and (iii) the discharge of Mr. Stephan Weil from the Supervisory Board for the financial year 2016. In July 2018, the District Court of Hannover rejected the claim and the plaintiff filed an appeal with the Higher Regional Court in Celle.

3.18.6 *MAN Latin America Tax Proceedings*

In the tax proceedings between MAN Latin America Indústria e Comércio de Veículos Ltda. ("**MAN Latin America**") and the Brazilian tax authorities, the Brazilian tax authorities took a different view of the tax implications of the acquisition structure chosen for MAN Latin America in 2009. In December 2017, a second instance judgment was rendered in administrative court proceedings, which was negative for MAN Latin America. MAN Latin America has initiated proceedings against this judgment before the regular court in 2018. Because of the potential range of penalties plus interest which could potentially apply under Brazilian law, the estimated size of the risk in the event that the tax authorities are able to prevail overall with their view is laden with uncertainty. However, a positive outcome continues to be expected for MAN Latin America. Should the opposite occur, this could result in a risk of about €0.6 billion for the contested period from 2009 onwards, which has been reported within the contingent liabilities as of September 30, 2018. This assessment is based on the accumulated accounts at the reporting date for the claimed tax liability including the potential expected penalty surcharges, as well as accumulated interest, but excluding any future interest and without discounting any cash flows.

3.19 Legal Factors Influencing Business

As with other international companies, Volkswagen's business is affected by numerous laws in Germany and abroad. In particular, these are legal requirements relating to development, production and distribution, and also include tax, capital market, commercial and company law, as well as antitrust, environmental, labor, banking, state aid, energy and insurance regulations.

Risks from the legal and political framework have a considerable impact on Volkswagen's future business success and have tended to become greater during the recent period. Regulations concerning vehicles' emissions, fuel consumption and safety play a particularly important role. Complying with these varied and often diverging regulations across the world requires strenuous efforts on the part of the automotive industry. In addition to emissions, consumption and safety regulations, traffic-policy restrictions for the reduction of traffic congestion, noise and pollution are becoming increasingly important in cities and urban areas in the European Union and other regions. For example, bans on diesel vehicles are being gradually implemented in several jurisdictions.

When transparent and economically viable, insurance cover is taken out for these risks. For the identifiable and measurable risks, corresponding provisions are recognized and information about contingent liabilities is disclosed. As some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out. This particularly applies to legal risk assessment regarding the diesel issue.

4. CONDITIONS OF ISSUE FOR THE FLOATING RATE NOTES (ENGLISH LANGUAGE VERSION)

For the purposes of this Section 4 (Conditions of Issue for the Floating Rate Notes), in the event of any conflict or inconsistency between any defined terms in this Section 4 (Conditions of Issue for the Floating Rate Notes) and the other sections of this Prospectus, all terms and expressions will have the defined meanings set out in this Section 4 (Conditions of Issue for the Floating Rate Notes).

§ 1
CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination*. This Series of Notes (the "**Notes**") of Volkswagen International Finance N.V. (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount (subject to § 1(6)) of EUR 1,250,000,000 (in words: one billion two hundred fifty million Euros) in the denomination of EUR 100,000 (the "**Specified Denomination**").

(2) *Form.* The Notes are in bearer form and represented by one or more global notes (each a "**Global Note**").

(3) *Temporary Global Note – Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not later than 180 days after the date of issue of the Notes represented by the Temporary Global Note. The Exchange Date will not be earlier than 40 days after the date of issue. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(2)).

(4) *Clearing System.* The Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. "**Clearing System**" means each of the following: Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**CBL**") and Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") (CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**") and any successor in such capacity.

The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) *Records of the ICSDs.* The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by

a ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.

§ 2
STATUS, NEGATIVE PLEDGE AND GUARANTEE

(1) *Status.* The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) *Negative Pledge.* So long as any Note remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Issuer undertakes not to provide for other notes or bonds, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Issuer or a special purpose vehicle where the Issuer is the originator of the underlying assets.

(3) *Guarantee.* Volkswagen Aktiengesellschaft (the "**Guarantor**") has given its unconditional and irrevocable guarantee (the "**Guarantee**") for the due payment of principal of, and interest on, the Notes. In this Guarantee, the Guarantor has further undertaken (the "**Undertaking**"), so long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, not to provide for any Bond Issue, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Guarantor or a special purpose vehicle where the Guarantor is the originator of the underlying assets.

For the purpose of these Conditions "**Bond Issue**" means an issue of debt securities which is, or is intended to be, or is being capable of being, quoted, listed or dealt in on any stock exchange, over-the-counter or other securities market.

The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with section 328 para 1 German Civil Code (*Bürgerliches Gesetzbuch*, "**BGB**")[(1)], giving rise to the right of each Holder to require performance of the Guarantee and the Negative Pledge directly from the Guarantor and to enforce the Guarantee and the Negative Pledge directly against the Guarantor. Copies of the Guarantee and the Negative Pledge may be obtained free of charge at the principal office of the Guarantor and at the specified office of the Fiscal Agent set forth in § 6.

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(1) An English language translation of section 328 para 1 BGB would read as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance."

§ 3
INTEREST

(1) *Interest Payment Dates.* (a) The Notes bear interest on their Specified Denomination from (and including) 16 November 2018 (the "**Interest Commencement Date**") to (but excluding) the first Interest Payment Date and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest on the Notes shall be payable in arrear on each Interest Payment Date.

(a) "**Interest Payment Date**" means each 16 February, 16 May, 16 August and 16 November.

(b) If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Business Day.

(c) In this § 3 "**Business Day**" means a day on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") are operational to effect the relevant payment.

(2) *Rate of Interest.* The rate of interest for each Interest Period (each a "**Rate of Interest**") will be the Reference Rate plus the Margin, all as determined by the Calculation Agent (all as defined below).

"**Reference Rate**" means, subject to § 3(5), the 3-month Euro Interbank Offered Rate (expressed as a percentage rate per annum) which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the Interest Determination Date (as defined below).

If the Screen Page is not available or if no Reference Rate appears, in each case as at such time, the Issuer shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the interbank market in the Euro-Zone at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Reference Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Reference Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates, as communicated to the Calculation Agent (at the request of the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the interbank market in the Euro-Zone or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Reference Rate for such Interest Period shall be the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the interbank market in the Euro-Zone (or, as the case may be, the quotations of such bank or banks to the Calculation Agent).

If the Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Reference Rate shall be, subject to § 3(5), the 3-month Euro Interbank Offered Rate as displayed on the Screen Page on the preceding Interest Determination Date.

If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than 0 per cent., the Rate of Interest for such Interest Period shall be 0 per cent.

As used herein:

"**Euro-Zone**" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.

"**Interest Period**" means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from each Interest Payment Date (and including) to the following Interest Payment Date (but excluding).

"**Interest Determination Date**" means the second TARGET Business Day prior to the commencement of the relevant Interest Period.

"**TARGET Business Day**" means a day on which TARGET is open to effect payments.

"**Margin**" means 1.55 per cent. per annum.

"**Reference Banks**" means the principal Euro-Zone offices of four major banks in the Euro-Zone inter-bank market, in each case selected by the Issuer.

"**Screen Page**" means Reuters Page EURIBOR01 or the relevant successor page on that service or on any other service as may be nominated as the information vendor for the purpose of displaying the Reference Rate.

(3) *Interest Amount.* The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, calculate the amount of interest (the "**Interest Amount**") payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resultant figure to the nearest unit of the Specified Currency, with 0.5 of such unit being rounded upwards.

(4) *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Guarantor and to the Holders in accordance with § 13 as soon as possible after their determination, but in no event later than the fourth Business Day (as defined in § 3(1)(d)) thereafter and if required by the rules of any stock exchange on which the Notes are from time to time listed, to such stock exchange as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are then listed and to the Holders in accordance with § 13.

(5) *Benchmark discontinuation.*

(a) *Independent Adviser*. If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with § 3(5)(b)) and, in either case, an Adjustment Spread, if any (in accordance with § 3(5)(c)) and any Benchmark Amendments (in accordance with § 3(5)(d)).

In the absence of gross negligence or wilful misconduct, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Agents or the Holders for any determination made by it pursuant to this § 3(5).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this § 3(5) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this § 3(5) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this § 3(5).

(b) *Successor Rate or Alternative Rate*. If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in § 3(5)(c)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this § 3(5); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in § 3(5)(c)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this § 3(5).

(c) *Adjustment Spread*. If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(d) *Benchmark Amendments*. If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this § 3(5) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions of Issue are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then, subject to the Issuer giving notice thereof in accordance with § 3(5)(e), such Benchmark Amendments shall apply to the Notes with effect from the date specified in such notice.

(e) *Notices, etc*. Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this § 3(5) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with § 13, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorized signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this § 3(5); and

(B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate

and such Adjustment Spread (if any) and such Benchmark Amendments (if any) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

(f) *Survival of Reference Rate*. Without prejudice to the obligations of the Issuer under § 3(5)(a), (b), (c) and (d), the Reference Rate and the fallback provisions provided for in the definition of the term "Reference Rate" in § 3(2) will continue to apply unless and until a Benchmark Event has occurred.

(g) *Definitions*.

As used in this § 3(5):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate); or

(2) the Independent Adviser determines, is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Independent Adviser determines that no such industry standard is recognized or acknowledged); or

(3) the Independent Adviser determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with § 3(5)(b) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in EUR.

"**Benchmark Amendments**" has the meaning given to it in § 3(5)(a).

"**Benchmark Event**" means:

(1) the Reference Rate ceasing to be published for a period of at least five (5) Business Days or ceasing to exist; or

(2) a public statement by the administrator of the Reference Rate that it will cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or

(3) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the relevant Floating Rate Notes; or

(5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any Rate of Interest using the Reference Rate.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer under § 3(5)(a).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(6) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders.

(7) *Accrual of Interest.* If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue beyond the day preceding the due date until the day preceding the actual redemption of the Notes. Interest shall continue to accrue on the outstanding principal amount of the Notes from the due date (inclusive) until the date of redemption of the Notes (exclusive) at the default rate of interest established by law.[(1)]

(8) *Day Count Fraction*. "**Day Count Fraction**" means with regard to the calculation of the amount of interest for any period of time (the "**Calculation Period**") the actual number of days in the Calculation Period divided by 360.

§ 4
PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3)(b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in Euro.

[(1)] The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, sections 288 para 1, 247 BGB.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") are operational to forward the relevant payment.

(5) *References to Principal and Interest.* References in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; and any other amounts which may be payable under or in respect of the Notes. References in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5
REDEMPTION

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on the Interest Payment Date falling in 16 November 2024 (the "**Maturity Date**"). The Final Redemption Amount in respect of each Note shall be its principal amount.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of Germany or The Netherlands or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer or the Guarantor is required to pay Additional Amounts (as defined in § 7) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, as the case may be, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 13 to the Holders, at their Early Redemption Amount (as defined below), together with interest accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. The date fixed for redemption must be an Interest Payment Date.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption Amount.* For purposes of § 9 and § 5(2), the Early Redemption Amount of a Note shall be its Final Redemption Amount.

§ 6
THE FISCAL AGENT, THE PAYING AGENTS AND THE CALCULATION AGENT

(1) *Appointment; Specified Office.* The initial Fiscal Agent, the initial Paying Agent and the initial Calculation Agent and their initial specified offices shall be:

Fiscal Agent, Paying Agent and Calculation Agent:	Citibank, N.A. Citigroup Centre Canary Wharf London E14 5LB United Kingdom
Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch 60 avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

The Fiscal Agent, the Paying Agent and the Calculation Agent reserve the right at any time to change their specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent or the Calculation Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent, (ii) so long as the Notes are listed on the Luxembourg Stock Exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in Luxembourg and/or in such other place as may be required by the rules of such stock exchange and (iii) a Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

For purposes of these Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Agent of the Issuer.* The Fiscal Agent, the Paying Agent and the Calculation Agent act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7
TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of The Netherlands or Germany or any political subdivision or any authority thereof or therein having power to tax unless the Issuer is required by law to make such withholding or deduction. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with The Netherlands or Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, The Netherlands or Germany; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income paid to an individual and certain types of entities called "residual entities", or (ii) any international treaty or understanding relating to such taxation and to which The Netherlands or Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or (iv) the Luxembourg law of 23 December 2005, as amended, with respect to Luxembourg resident individuals; or

(d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later; or

(e) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction.

Notwithstanding anything in these Conditions to the contrary, the Issuer, the Guarantor and any Paying Agent shall be permitted to withhold and deduct for or on account of any taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, pursuant to any inter-governmental agreement, or implementing legislation or regulations adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service, on any amount payable in respect of the Notes and shall not be required to pay any additional amounts in respect of any such taxes.

§ 8
PRESENTATION PERIOD

The presentation period provided in section 801 para 1 sentence 1 BGB is reduced to ten years for the Notes.

§ 9
EVENTS OF DEFAULT

(1) *Events of default.* Each Holder shall be entitled to declare due and payable by notice to the Fiscal Agent its entire claims arising from the Notes and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5) together with accrued interest (if any) to the date of repayment, in the event that:

(a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or

(b) the Issuer fails duly to perform any other obligation arising from the Notes or the Guarantor fails to perform any obligation arising from the Guarantee referred to in § 2 which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 90 days after the Fiscal Agent has received notice thereof from a Holder, or

(c) the Issuer or the Guarantor announces its inability to meet its financial obligations or ceases its payments, or

(d) a court opens bankruptcy or other insolvency proceedings against the Issuer or the Guarantor or such proceedings are instituted and have not been discharged or stayed within 60 days, or the Issuer or the Guarantor applies for or institutes such proceedings or offers, or the Issuer applies for a *"surseance van betaling"* (within the meaning of Statute of Bankruptcy of The Netherlands), or

(e) the Issuer or the Guarantor goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes

all obligations contracted by the Issuer or the Guarantor, as the case may be, in connection with this issue, or

(f) the Guarantee ceases, for whatever reason, to be in full force and effect.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Quorum.* In the events specified in subparagraph (1)(b) above, any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in subparagraph (1)(a) and (1)(c) through (1)(e) entitling Holders to declare their Notes due has occurred, become effective only when the Fiscal Agent has received such notices from the Holders of at least one-tenth in aggregate principal amount of Notes then outstanding.

(3) *Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) above shall be made by means of a declaration in text format (*Textform*) in the German or English language to the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § 14(3)) or in other appropriate manner.

§ 10
SUBSTITUTION

(1) *Substitution.* The Issuer shall be entitled at any time, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, to substitute for the Issuer either the Guarantor or any Subsidiary (as defined below) of the Guarantor as principal debtor in respect to all obligations arising from or in connection with the Notes (the "**Substitute Debtor**"), provided that:

(a) the Substitute Debtor is in a position to fulfil all payment obligations arising from or in connection with the Notes without the necessity of any taxes or duties being withheld at source and to transfer all amounts which are required therefor to the Fiscal Agent without any restrictions;

(b) the Substitute Debtor assumes all obligations of the Issuer arising from or in connection with the Notes;

(c) the Substitute Debtor undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon it as a consequence of assumption of the obligations of the Issuer by the Substitute Debtor;

(d) it is guaranteed that the obligations of the Guarantor from the Guarantee apply also to the Notes of the Substitute Debtor;

(e) there shall have been delivered to the Fiscal Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied; and

(f) VW Credit, Inc. or Volkswagen Group of America Finance, LLC are not the Substitute Debtor.

For purposes of these Conditions "**Subsidiary**" shall mean any corporation or partnership in which Volkswagen Aktiengesellschaft directly or indirectly in the aggregate holds more than 90 per cent. of the capital of any class or of the voting rights.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 13.

(3) *Change of References.* In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

In § 7 and § 5(2) an alternative reference to The Netherlands shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor.

§ 11
FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the settlement date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12
AMENDMENT OF THE TERMS AND CONDITIONS, HOLDERS' REPRESENTATIVE, AMENDMENT OF THE GUARANTEE

(1) *Amendment of the Conditions of Issue*. The Issuer may agree with the Holders on amendments to the Conditions of Issue or on other matters by virtue of a majority resolution of the Holders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen -"**SchVG**"), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Conditions of Issue, including such measures as provided for under section 5 para 3 SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 12(2) below. A duly passed majority resolution shall be binding equally upon all Holders.

(2) *Majority*. Except as provided by the following sentence and *provided that* the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Conditions of Issue, in particular in the cases of section 5 para 3 numbers 1 through 9 SchVG, or relating to material other matters may only be passed by a majority of at least 75 % of the voting rights participating in the vote (a "**Qualified Majority**").

(3) *Passing of resolutions*. The Holders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with section 5 et seqq. SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with section 18 and section 5 et seqq. SchVG.

(4) *Meeting*. If resolutions of the Holders shall be made by means of a meeting the convening notice (*Einberufung*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Vote without a meeting*. If resolutions of the Holders shall be made by means of a vote without a meeting the request for voting (*Aufforderung zur Stimmabgabe*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. The

exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

(6) *Second meeting*. If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) or the vote without a meeting pursuant to § 12(5), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with section 15 para 3 sentence 2 SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of section 15 para 3 sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the second meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(7) *Holders' representative*. The Holders may by majority resolution provide for the appointment or dismissal of a holders' representative (the "**Holders' Representative**"), the duties and responsibilities and the powers of such Holders' Representative, the transfer of the rights of the Holders to the Holders' Representative and a limitation of liability of the Holders' Representative. Appointment of a Holders' Representative may only be passed by a Qualified Majority if such Holders' Representative is to be authorised to consent, in accordance with § 14(2) hereof, to a material change in the substance of the Terms and Conditions or other material matters.

(8) Publication. Any notices concerning this § 12 shall be made exclusively pursuant to the provisions of the SchVG.

(9) Amendments of the Guarantee. The provisions set out above applicable to the Notes shall apply *mutatis mutandis* to the Guarantee of Volkswagen Aktiengesellschaft and any guarantee provided in accordance with § 10(1)(d).

§ 13
NOTICES

(1) *Publication*. All notices concerning the Notes shall be made via electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third calendar day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on the official list of the Luxembourg Stock Exchange, subparagraph (1) above shall apply. In the case of notices regarding the Rate of Interest or, if the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication in the newspapers set forth in subparagraph (1) above; any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.

§ 14
APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, including all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Submission to Jurisdiction.* The non-exclusive place of jurisdiction for all proceedings arising out of or in connection with the Notes ("**Proceedings**") shall be Frankfurt am Main. The Holders, however, may also pursue their claims before any other court of competent jurisdiction. The

German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

The local court (*Amtsgericht*) in Frankfurt am Main shall, pursuant section 9 para 3 SchVG, have jurisdiction for all judgments in accordance with sections 9 para 2, 13 para 3 and 18 para 2 SchVG. And the regional court (*Landgericht*) in Frankfurt am Main shall have exclusive jurisdiction for all judgments over contested resolutions by Holders in accordance with section 20 para 3 SchVG.

(3) *Appointment of Authorised Agent.* For any Proceedings before German courts, the Issuer appoints Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany as its authorised agent for service of process in Germany.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15
LANGUAGE

These Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

5. CONDITIONS OF ISSUE FOR THE EURO NOTES (ENGLISH LANGUAGE VERSION)

For the purposes of this Section 5 (Conditions of Issue for the Euro Notes), in the event of any conflict or inconsistency between any defined terms in this Section 5 (Conditions of Issue for the Euro Notes) and the other sections of this Prospectus, all terms and expressions will have the defined meanings set out in this Section 5 (Conditions of Issue for the Euro Notes).

§ 1
CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination*. This Series of Notes (the "**Notes**") of Volkswagen International Finance N.V. (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount (subject to § 1(6)) of EUR 750,000,000 (in words: seven hundred fifty million Euros) in the case of the 2027 Notes, EUR 1,000,000,000 (in words: one billion Euros) in the case of the 2030 Notes and EUR 1,250,000,000 (in words: one billion two hundred fifty million Euros) in the case of the 2038 Notes, each in the denomination of EUR 100,000 (the "**Specified Denomination**").

(2) *Form.* The Notes are in bearer form and represented by one or more global notes (each a "**Global Note**").

(3) *Temporary Global Note – Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not later than 180 days after the date of issue of the Notes represented by the Temporary Global Note. The Exchange Date will not be earlier than 40 days after the date of issue. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(2)).

(4) *Clearing System.* The Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. "**Clearing System**" means each of the following: Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**CBL**") and Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") (CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**") and any successor in such capacity.

The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) *Records of the ICSDs.* The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect

the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by a ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.

§ 2
STATUS, NEGATIVE PLEDGE AND GUARANTEE

(1) *Status.* The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) *Negative Pledge.* So long as any Note remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Issuer undertakes not to provide for other notes or bonds, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Issuer, or a special purpose vehicle where the Issuer is the originator of the underlying assets.

(3) *Guarantee.* Volkswagen Aktiengesellschaft (the "**Guarantor**") has given its unconditional and irrevocable guarantee (the "**Guarantee**") for the due payment of principal of, and interest on, the Notes. In this Guarantee, the Guarantor has further undertaken (the "**Undertaking**"), so long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, not to provide for any Bond Issue, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Guarantor or a special purpose vehicle where the Guarantor is the originator of the underlying assets.

For the purpose of these Conditions "**Bond Issue**" means an issue of debt securities which is, or is intended to be, or is being capable of being, quoted, listed or dealt in on any stock exchange, over-the-counter or other securities market.

The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with section 328 para 1 German Civil Code (*Bürgerliches Gesetzbuch*, "**BGB**")[(1)], giving rise to the right of each Holder to require performance of the Guarantee and the Negative Pledge directly from the Guarantor and to enforce the Guarantee and the Negative Pledge directly against the Guarantor. Copies of the Guarantee and the

[(1)] An English language translation of section 328 para 1 BGB would read as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance."

Negative Pledge may be obtained free of charge at the principal office of the Guarantor and at the specified office of the Fiscal Agent set forth in § 6.

§ 3
INTEREST

(1) *Rate of Interest and Interest Payment Dates.* Each of the 2027 Notes, the 2030 Notes and the 2038 Notes shall bear interest on their Specified Denomination at the rate of 2.625 per cent. per annum in the case of the 2027 Notes, 3.250 per cent. per annum in the case of the 2030 Notes and 4.125 per cent. per annum in the case of the 2038 Notes, from (and including) 16 November 2018 to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable in arrear on, 16 November in case of each of the 2027 Notes and 2038 Notes and 18 November in case of the 2030 Notes, in each year (each such date, an "**Interest Payment Date**"). In case of each of the 2027 Notes and the 2038 Notes, the first payment of interest shall be made on 16 November 2019. In case of the 2030 Notes, the first payment of interest shall be made on 18 November 2019 (long first coupon) and will amount to EUR 3,267.81 per Specified Denomination.

(2) *Accrual of Interest.* If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue beyond the day preceding the due date until the day preceding the actual redemption of the Notes. Interest shall continue to accrue on the outstanding principal amount of the Notes from the due date (inclusive) until the date of redemption of the Notes (exclusive) at the default rate of interest established by law.[(1)]

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means with regard to the calculation of interest on any Note for any period of time (the "**Calculation Period**") the actual number of days in the Calculation Period divided by the actual number of days in the respective interest year.

§ 4
PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3)(b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in Euro.

(3) *Discharge*. The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day*. If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

[(1)] The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, sections 288 para 1, 247 BGB.

For these purposes, "**Payment Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") are operational to forward the relevant payment.

(5) *References to Principal and Interest.* References in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; and any other amounts which may be payable under or in respect of the Notes. References in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5
REDEMPTION

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount in case of the 2027 Notes on 16 November 2027, in case of the 2030 Notes on 18 November 2030 and in case of the 2038 Notes on 16 November 2038 (each a "**Maturity Date**"). The Final Redemption Amount in respect of each Note shall be its principal amount.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of Germany or The Netherlands or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer or the Guarantor is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, as the case may be, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 13 to the Holders, at their Early Redemption Amount (as defined below), together with interest accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption Amount.* For purposes of § 9 and § 5(2), the Early Redemption Amount of a Note shall be its Final Redemption Amount.

§ 6
THE FISCAL AGENT AND THE PAYING AGENTS

(1) *Appointment; Specified Office.* The initial Fiscal Agent and the initial Paying Agent and their initial specified offices shall be:

Fiscal Agent and Paying Agent:	Citibank, N.A. Citigroup Centre Canary Wharf London E14 5LB United Kingdom
Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch 60 avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

The Fiscal Agent reserves the right at any time to change its specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent and to appoint another Fiscal Agent or additional Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the Luxembourg Stock Exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in Luxembourg and/or in such other place as may be required by the rules of such stock exchange. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

For purposes of these Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Agent of the Issuer.* The Fiscal Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7
TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of The Netherlands or Germany or any political subdivision or any authority thereof or therein having power to tax unless the Issuer is required by law to make such withholding or deduction. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with The Netherlands or Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, The Netherlands or Germany; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income paid to an individual and certain types of entities called "residual entities", or (ii) any international treaty or understanding relating to such taxation and to which The Netherlands or Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or (iv) the Luxembourg law of 23 December 2005, as amended, with respect to Luxembourg resident individuals; or

(d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later; or

(e) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction.

Notwithstanding anything in these Conditions to the contrary, the Issuer, the Guarantor and any Paying Agent shall be permitted to withhold and deduct for or on account of any taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, pursuant to any inter-governmental agreement, or implementing legislation or regulations adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service, on any amount payable in respect of the Notes and shall not be required to pay any additional amounts in respect of any such taxes.

§ 8
PRESENTATION PERIOD

The presentation period provided in § 801 para 1 sentence 1 BGB is reduced to ten years for the Notes.

§ 9
EVENTS OF DEFAULT

(1) *Events of default.* Each Holder shall be entitled to declare due and payable by notice to the Fiscal Agent its entire claims arising from the Notes and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5) together with accrued interest (if any) to the date of repayment, in the event that:

(a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or

(b) the Issuer fails duly to perform any other obligation arising from the Notes or the Guarantor fails to perform any obligation arising from the Guarantee referred to in § 2 which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 90 days after the Fiscal Agent has received notice thereof from a Holder, or

(c) the Issuer or the Guarantor announces its inability to meet its financial obligations or ceases its payments, or

(d) a court opens bankruptcy or other insolvency proceedings against the Issuer or the Guarantor or such proceedings are instituted and have not been discharged or stayed within 60 days, or the Issuer or the Guarantor applies for or institutes such proceedings, or the Issuer applies for a *"surseance van betaling"* (within the meaning of Statute of Bankruptcy of The Netherlands), or

(e) the Issuer or the Guarantor goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by the Issuer or the Guarantor, as the case may be, in connection with this issue, or

(f) the Guarantee ceases, for whatever reason, to be in full force and effect.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Quorum.* In the events specified in subparagraph (1)(b) above, any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in subparagraph (1)(a) and (1)(c) through (1)(e) entitling Holders to declare their Notes due has occurred, become effective only when the Fiscal Agent has received such notices from the Holders of at least one-tenth in aggregate principal amount of Notes then outstanding.

(3) *Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) above shall be made by means of a declaration in text format (*Textform*) in the German or English language to the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § 14(3)) or in other appropriate manner.

§ 10
SUBSTITUTION

(1) *Substitution.* The Issuer shall be entitled at any time, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, to substitute for the either the Guarantor or any Subsidiary (as defined below) of the Guarantor as principal debtor in respect to all obligations arising from or in connection with the Notes (the "**Substitute Debtor**"), provided that:

(a) the Substitute Debtor is in a position to fulfil all payment obligations arising from or in connection with the Notes without the necessity of any taxes or duties being withheld at source and to transfer all amounts which are required therefor to the Fiscal Agent without any restrictions;

(b) the Substitute Debtor assumes all obligations of the Issuer arising from or in connection with the Notes;

(c) the Substitute Debtor undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon it as a consequence of assumption of the obligations of the Issuer by the Substitute Debtor;

(d) it is guaranteed that the obligations of the Guarantor from the Guarantee apply also to the Notes of the Substitute Debtor;

(e) there shall have been delivered to the Fiscal Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied; and

(f) VW Credit, Inc. or Volkswagen Group of America Finance, LLC are not the Substitute Debtor.

For purposes of these Conditions "**Subsidiary**" shall mean any corporation or partnership in which Volkswagen Aktiengesellschaft directly or indirectly in the aggregate holds more than 90 per cent. of the capital of any class or of the voting rights.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 13.

(3) *Change of References.* In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

In § 7 and § 5(2) an alternative reference to The Netherlands shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor.

§ 11
FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the settlement date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12
AMENDMENT OF THE TERMS AND CONDITIONS, HOLDERS' REPRESENTATIVE, AMENDMENT OF THE GUARANTEE

(1) *Amendment of the Conditions of Issue*. The Issuer may agree with the Holders on amendments to the Conditions of Issue or on other matters by virtue of a majority resolution of the Holders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen -"**SchVG**"), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Conditions of Issue, including such measures as provided for under section 5 para 3 SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 12(2) below. A duly passed majority resolution shall be binding equally upon all Holders.

(2) *Majority*. Except as provided by the following sentence and *provided that* the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Conditions of Issue, in particular in the cases of section 5 para 3 numbers 1 through 9 SchVG, or relating to material other matters may only be passed by a majority of at least 75 % of the voting rights participating in the vote (a "**Qualified Majority**").

(3) *Passing of resolutions*. The Holders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with section 5 et seqq. SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with section 18 and section 5 et seqq. SchVG.

(4) *Meeting*. If resolutions of the Holders shall be made by means of a meeting the convening notice (*Einberufung*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Vote without a meeting*. If resolutions of the Holders shall be made by means of a vote without a meeting the request for voting (*Aufforderung zur Stimmabgabe*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. The exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with

§ 14(4) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

(6) *Second meeting*. If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) or the vote without a meeting pursuant to § 12(5), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with section 15 para 3 sentence 2 SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of section 15 para 3 sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the second meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(7) *Holders' representative*. The Holders may by majority resolution provide for the appointment or dismissal of a holders' representative (the "**Holders' Representative**"), the duties and responsibilities and the powers of such Holders' Representative, the transfer of the rights of the Holders to the Holders' Representative and a limitation of liability of the Holders' Representative. Appointment of a Holders' Representative may only be passed by a Qualified Majority if such Holders' Representative is to be authorised to consent, in accordance with § 14(2) hereof, to a material change in the substance of the Terms and Conditions or other material matters.

(8) Publication. Any notices concerning this § 12 shall be made exclusively pursuant to the provisions of the SchVG.

(9) Amendments of the Guarantee. The provisions set out above applicable to the Notes shall apply *mutatis mutandis* to the Guarantee of Volkswagen Aktiengesellschaft and any guarantee provided in accordance with § 10(1)(d).

§ 13
NOTICES

(1) *Publication.* All notices concerning the Notes shall be made via electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third calendar day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on the official list of the Luxembourg Stock Exchange, subparagraph (1) above shall apply. In the case of notices regarding the Rate of Interest or, if the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication in the newspapers set forth in subparagraph (1) above; any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.

§ 14
APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, including all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Submission to Jurisdiction.* The non-exclusive place of jurisdiction for all proceedings arising out of or in connection with the Notes ("**Proceedings**") shall be Frankfurt am Main. The Holders, however, may also pursue their claims before any other court of competent jurisdiction. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

The local court (*Amtsgericht*) in Frankfurt am Main shall, pursuant section 9 para 3 SchVG, have jurisdiction for all judgments in accordance with sections 9 para 2, 13 para 3 and 18 para 2

SchVG. And the regional court (*Landgericht*) in Frankfurt am Main shall have exclusive jurisdiction for all judgments over contested resolutions by Holders in accordance with section 20 para 3 SchVG.

(3) *Appointment of Authorised Agent.* For any Proceedings before German courts, the Issuer appoints Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany as its authorised agent for service of process in Germany.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15
LANGUAGE

These Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

6. CONDITIONS OF ISSUE FOR THE STERLING NOTES (ENGLISH LANGUAGE VERSION)

For the purposes of this Section 6 (Conditions of Issue for the Sterling Notes), in the event of any conflict or inconsistency between any defined terms in this Section 6 (Conditions of Issue for the Sterling Notes) and the other sections of this Prospectus, all terms and expressions will have the defined meanings set out in this Section 6 (Conditions of Issue for the Sterling Notes).

§ 1
CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination*. This Series of Notes (the "**Notes**") of Volkswagen International Finance N.V. (the "**Issuer**") is being issued in Pounds Sterling (the "**Specified Currency**") in the aggregate principal amount (subject to § 1(6)) of GBP 350,000,000 (in words: three hundred fifty million Pounds Sterling) in the case of the 2026 Notes and GBP 450,000,000 (in words: four hundred fifty million Pounds Sterling) in the case of the 2031 Notes, each in the denomination of GBP 100,000 (the "**Specified Denomination**").

(2) *Form.* The Notes are in bearer form and represented by one or more global notes (each a "**Global Note**").

(3) *Temporary Global Note – Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not later than 180 days after the date of issue of the Notes represented by the Temporary Global Note. The Exchange Date will not be earlier than 40 days after the date of issue. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(2)).

(4) *Clearing System.* The Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. "**Clearing System**" means each of the following: Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**CBL**") and Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") (CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**") and any successor in such capacity.

The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) *Records of the ICSDs.* The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal

amount of Notes represented by the Global Note and, for these purposes, a statement issued by a ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.

§ 2
STATUS, NEGATIVE PLEDGE AND GUARANTEE

(1) *Status.* The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) *Negative Pledge.* So long as any Note remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Issuer undertakes not to provide for other notes or bonds, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Issuer, or a special purpose vehicle where the Issuer is the originator of the underlying assets.

(3) *Guarantee.* Volkswagen Aktiengesellschaft (the "**Guarantor**") has given its unconditional and irrevocable guarantee (the "**Guarantee**") for the due payment of principal of, and interest on, the Notes. In this Guarantee, the Guarantor has further undertaken (the "**Undertaking**"), so long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, not to provide for any Bond Issue, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Guarantor or a special purpose vehicle where the Guarantor is the originator of the underlying assets.

For the purpose of these Conditions "**Bond Issue**" means an issue of debt securities which is, or is intended to be, or is being capable of being, quoted, listed or dealt in on any stock exchange, over-the-counter or other securities market.

The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with section 328 para 1 German Civil Code (*Bürgerliches Gesetzbuch*, "**BGB**")[(1)], giving rise to the right of each Holder to require performance of the Guarantee and the Negative Pledge directly from the Guarantor and to enforce the Guarantee and the Negative Pledge directly against the Guarantor. Copies of the Guarantee and the Negative Pledge may be obtained free of charge at the principal office of the Guarantor and at the specified office of the Fiscal Agent set forth in § 6.

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(1) An English language translation of section 328 para 1 BGB would read as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance."

§ 3
INTEREST

(1) *Rate of Interest and Interest Payment Dates.* Each of the 2026 Notes and the 2031 Notes shall bear interest on their Specified Denomination at the rate of 3.375 per cent. per annum in the case of the 2026 Notes and 4.125 per cent. per annum in the case of the 2031 Notes, from (and including) 16 November 2018 to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable in arrear on, 16 November in case of the 2026 Notes and 17 November in the case of the 2031 Notes, in each year (each such date, an "**Interest Payment Date**"). In case of the 2026 Notes, the first payment of interest shall be made on 16 November 2019. In the case of the 2031 Notes, the first payment of interest shall be made on 17 November 2019 (long first coupon) and will amount to GBP 4,136.31 per Specified Denomination.

(2) *Accrual of Interest.* If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue beyond the day preceding the due date until the day preceding the actual redemption of the Notes. Interest shall continue to accrue on the outstanding principal amount of the Notes from the due date (inclusive) until the date of redemption of the Notes (exclusive) at the default rate of interest established by law.[(1)]

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means with regard to the calculation of interest on any Note for any period of time (the "**Calculation Period**") the actual number of days in the Calculation Period divided by the actual number of days in the respective interest year.

§ 4
PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to § 4(2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3)(b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in Pounds Sterling.

(3) *Discharge*. The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day*. If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means any day which is a day on which (a) the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open for business and (b) commercial banks and foreign exchange markets settle payments and

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[(1)] The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, sections 288 para 1, 247 BGB.

are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

(5) *References to Principal and Interest.* References in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; and any other amounts which may be payable under or in respect of the Notes. References in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5
REDEMPTION

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount in case of the 2026 Notes on 16 November 2026 and in case of the 2031 Notes on 17 November 2031 (each a "**Maturity Date**"). The Final Redemption Amount in respect of each Note shall be its principal amount.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of Germany or The Netherlands or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer or the Guarantor is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, as the case may be, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 13 to the Holders, at their Early Redemption Amount (as defined below), together with interest accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption Amount.* For purposes of § 9 and § 5(2), the Early Redemption Amount of a Note shall be its Final Redemption Amount.

§ 6
THE FISCAL AGENT AND THE PAYING AGENTS

(1) *Appointment; Specified Office.* The initial Fiscal Agent and the initial Paying Agent and their initial specified offices shall be:

Fiscal Agent and Paying Agent:	Citibank, N.A. Citigroup Centre Canary Wharf London E14 5LB United Kingdom
Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch 60 avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

The Fiscal Agent reserves the right at any time to change its specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent and to appoint another Fiscal Agent or additional Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the Luxembourg Stock Exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in Luxembourg and/or in such other place as may be required by the rules of such stock exchange. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

For purposes of these Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Agent of the Issuer.* The Fiscal Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7
TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of The Netherlands or Germany or any political subdivision or any authority thereof or therein having power to tax unless the Issuer is required by law to make such withholding or deduction. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with The Netherlands or Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, The Netherlands or Germany; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income paid to an individual and certain types of entities called "residual entities", or (ii) any international treaty or understanding relating to such taxation and to which The Netherlands or Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or (iv) the Luxembourg law of 23 December 2005, as amended, with respect to Luxembourg resident individuals; or

(d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later; or

(e) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction.

Notwithstanding anything in these Conditions to the contrary, the Issuer, the Guarantor and any Paying Agent shall be permitted to withhold and deduct for or on account of any taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, pursuant to any inter-governmental agreement, or implementing legislation or regulations adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service, on any amount payable in respect of the Notes and shall not be required to pay any additional amounts in respect of any such taxes.

§ 8
PRESENTATION PERIOD

The presentation period provided in § 801 para 1 sentence 1 BGB is reduced to ten years for the Notes.

§ 9
EVENTS OF DEFAULT

(1) *Events of default.* Each Holder shall be entitled to declare due and payable by notice to the Fiscal Agent its entire claims arising from the Notes and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5) together with accrued interest (if any) to the date of repayment, in the event that:

(a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or

(b) the Issuer fails duly to perform any other obligation arising from the Notes or the Guarantor fails to perform any obligation arising from the Guarantee referred to in § 2 which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 90 days after the Fiscal Agent has received notice thereof from a Holder, or

(c) the Issuer or the Guarantor announces its inability to meet its financial obligations or ceases its payments, or

(d) a court opens bankruptcy or other insolvency proceedings against the Issuer or the Guarantor or such proceedings are instituted and have not been discharged or stayed within 60 days, or the Issuer or the Guarantor applies for or institutes such proceedings, or the Issuer applies for a *"surseance van betaling"* (within the meaning of Statute of Bankruptcy of The Netherlands), or

(e) the Issuer or the Guarantor goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by the Issuer or the Guarantor, as the case may be, in connection with this issue, or

(f) the Guarantee ceases, for whatever reason, to be in full force and effect.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Quorum.* In the events specified in subparagraph (1)(b) above, any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in subparagraph (1)(a) and (1)(c) through (1)(e) entitling Holders to declare their Notes due has occurred, become effective only when the Fiscal Agent has received such notices from the Holders of at least one-tenth in aggregate principal amount of Notes then outstanding.

(3) *Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) above shall be made by means of a declaration in text format (*Textform*) in the German or English language to the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § 14(3)) or in other appropriate manner.

§ 10
SUBSTITUTION

(1) *Substitution.* The Issuer shall be entitled at any time, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, to substitute for the either the Guarantor or any Subsidiary (as defined below) of the Guarantor as principal debtor in respect to all obligations arising from or in connection with the Notes (the "**Substitute Debtor**"), provided that:

(a) the Substitute Debtor is in a position to fulfil all payment obligations arising from or in connection with the Notes without the necessity of any taxes or duties being withheld at source and to transfer all amounts which are required therefor to the Fiscal Agent without any restrictions;

(b) the Substitute Debtor assumes all obligations of the Issuer arising from or in connection with the Notes;

(c) the Substitute Debtor undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon it as a consequence of assumption of the obligations of the Issuer by the Substitute Debtor;

(d) it is guaranteed that the obligations of the Guarantor from the Guarantee apply also to the Notes of the Substitute Debtor;

(e) there shall have been delivered to the Fiscal Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied; and

(f) VW Credit, Inc. or Volkswagen Group of America Finance, LLC are not the Substitute Debtor.

For purposes of these Conditions "**Subsidiary**" shall mean any corporation or partnership in which Volkswagen Aktiengesellschaft directly or indirectly in the aggregate holds more than 90 per cent. of the capital of any class or of the voting rights.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 13.

(3) *Change of References.* In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

In § 7 and § 5(2) an alternative reference to The Netherlands shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor.

§ 11
FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the settlement date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12
AMENDMENT OF THE TERMS AND CONDITIONS, HOLDERS' REPRESENTATIVE, AMENDMENT OF THE GUARANTEE

(1) *Amendment of the Conditions of Issue*. The Issuer may agree with the Holders on amendments to the Conditions of Issue or on other matters by virtue of a majority resolution of the Holders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen -"**SchVG**"), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Conditions of Issue, including such measures as provided for under section 5 para 3 SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 12(2) below. A duly passed majority resolution shall be binding equally upon all Holders.

(2) *Majority*. Except as provided by the following sentence and *provided that* the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Conditions of Issue, in particular in the cases of section 5 para 3 numbers 1 through 9 SchVG, or relating to material other matters may only be passed by a majority of at least 75 % of the voting rights participating in the vote (a "**Qualified Majority**").

(3) *Passing of resolutions*. The Holders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with section 5 et seqq. SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with section 18 and section 5 et seqq. SchVG.

(4) *Meeting*. If resolutions of the Holders shall be made by means of a meeting the convening notice (*Einberufung*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Vote without a meeting*. If resolutions of the Holders shall be made by means of a vote without a meeting the request for voting (*Aufforderung zur Stimmabgabe*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. The exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with

§ 14(4) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

(6) *Second meeting*. If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) or the vote without a meeting pursuant to § 12(5), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with section 15 para 3 sentence 2 SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of section 15 para 3 sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the second meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(4) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(7) *Holders' representative*. The Holders may by majority resolution provide for the appointment or dismissal of a holders' representative (the "**Holders' Representative**"), the duties and responsibilities and the powers of such Holders' Representative, the transfer of the rights of the Holders to the Holders' Representative and a limitation of liability of the Holders' Representative. Appointment of a Holders' Representative may only be passed by a Qualified Majority if such Holders' Representative is to be authorised to consent, in accordance with § 14(2) hereof, to a material change in the substance of the Terms and Conditions or other material matters.

(8) Publication. Any notices concerning this § 12 shall be made exclusively pursuant to the provisions of the SchVG.

(9) Amendments of the Guarantee. The provisions set out above applicable to the Notes shall apply *mutatis mutandis* to the Guarantee of Volkswagen Aktiengesellschaft and any guarantee provided in accordance with § 10(1)(d).

§ 13
NOTICES

(1) *Publication.* All notices concerning the Notes shall be made via electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third calendar day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on the official list of the Luxembourg Stock Exchange, subparagraph (1) above shall apply. In the case of notices regarding the Rate of Interest or, if the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication in the newspapers set forth in subparagraph (1) above; any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.

§ 14
APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, including all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Submission to Jurisdiction.* The non-exclusive place of jurisdiction for all proceedings arising out of or in connection with the Notes ("**Proceedings**") shall be Frankfurt am Main. The Holders, however, may also pursue their claims before any other court of competent jurisdiction. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

The local court (*Amtsgericht*) in Frankfurt am Main shall, pursuant section 9 para 3 SchVG, have jurisdiction for all judgments in accordance with sections 9 para 2, 13 para 3 and 18 para 2

SchVG. And the regional court (*Landgericht*) in Frankfurt am Main shall have exclusive jurisdiction for all judgments over contested resolutions by Holders in accordance with section 20 para 3 SchVG.

(3) *Appointment of Authorised Agent.* For any Proceedings before German courts, the Issuer appoints Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany as its authorised agent for service of process in Germany.

(4) *Enforcement.* Any Holder may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15
LANGUAGE

These Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

7. EMISSIONSBEDINGUNGEN DER INHABERSCHULDVERSCHREIBUNGEN BEI VARIABLER VERZINSUNG (DEUTSCHE FASSUNG)

Für die Zwecke dieses Abschnitts 7 (Emissionsbedingungen der Inhaberschuldverschreibungen bei Variabler Verzinsung) gilt, dass bei Widersprüchen oder Abweichungen zwischen Definitionen, die in diesem Abschnitt 7 (Emissionsbedingungen der Inhaberschuldverschreibungen bei Variabler Verzinsung) und solchen, die in anderen Abschnitten dieses Prospekts definiert sind, sämtliche Begriffe und Wendungen die in diesem Abschnitt 7 (Emissionsbedingungen der Inhaberschuldverschreibungen bei Variabler Verzinsung) vorgesehene Bedeutung haben.

§ 1
WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

(1) *Währung; Stückelung.* Diese Serie der Schuldverschreibungen (die "**Schuldverschreibungen**") der Volkswagen International Finance N.V. (die "**Emittentin**") wird in Euro (die "**festgelegte Währung**") im Gesamtnennbetrag (vorbehaltlich § 1 Absatz (6)) von EUR 1.250.000.000 (in Worten: Euro einer Milliarde zweihundertfünfzig Millionen) in einer Stückelung von EUR 100.000 (die "**festgelegte Stückelung**") begeben.

(2) *Form*. Die Schuldverschreibungen lauten auf den Inhaber und sind durch eine oder mehrere Globalurkunden verbrieft (jeweils eine "**Globalurkunde**").

(3) *Vorläufige Globalurkunde – Austausch.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von dem Fiscal Agent oder in dessen Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Begebung der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen liegt. Der Austauschtag darf nicht weniger als 40 Tage nach dem Tag der Begebung liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U. S.-Personen (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten) sind. Zinszahlungen auf durch eine vorläufige Globalurkunde verbriefte Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 Absatz (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 6 Absatz (2) definiert) geliefert werden.

(4) *Clearing System.* Die Globalurkunde, die Schuldverschreibungen verbrieft, wird von einem oder für ein Clearing System verwahrt. "**Clearing System**" bedeutet jeweils folgendes: Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**CBL**") und Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") (CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**") sowie jeder Funktionsnachfolger.

Die Schuldverschreibungen werden in Form einer New Global Note ("**NGN**") ausgegeben und von einem common safekeeper im Namen beider ICSDs verwahrt.

(5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Schuldverschreibungen.

(6) *Register der ICSDs*. Der Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Nennbetrages der durch die Globalurkunde verbrieften Schuldverschreibungen, und ein zu diesen Zwecken von einem ICSD jeweils ausgestellte Bescheinigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist maßgebliche Bestätigung des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Tilgung oder Zahlung einer Rückzahlungsrate oder einer Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, Zahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass, nach dieser Eintragung, vom Nennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs pro rata in die Register der ICSDs aufgenommen werden.

§ 2
STATUS, NEGATIVVERPFLICHTUNGs UND GARANTIE

(1) *Status.* Die Schuldverschreibungen begründen direkte, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Negativverpflichtung.* Die Emittentin verpflichtet sich solange eine Schuldverschreibung noch aussteht (aber nur bis zu dem Zeitpunkt, in dem alle Beträge von Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind), ihr Vermögen nicht mit Sicherungsrechten zur Besicherung von anderen Schuldverschreibungen, einschließlich von Garantien und Bürgschaften, zu belasten oder solche Rechte zu diesem Zweck bestehen zu lassen, ohne gleichzeitig die Gläubiger an derselben Sicherheit in gleicher Weise und anteilmäßig teilnehmen zu lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Emittentin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed securities*, die von einer Zweckgesellschaft begeben werden, und bei denen die Emittentin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist.

(3) *Garantie.* Volkswagen Aktiengesellschaft (die "**Garantin**") hat eine unbedingte und unwiderrufliche Garantie (die "**Garantie**") für die pünktliche Zahlung von Kapital und Zinsen übernommen. Darüber hinaus hat sich die Garantin in dieser Garantie verpflichtet (die "**Verpflichtungserklärung**") solange eine Schuldverschreibung noch aussteht (aber nur bis zu dem Zeitpunkt, in dem alle Beträge von Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind), für andere Anleihen, einschließlich dafür übernommener Garantien und Gewährleistungen, keine Sicherheiten an ihrem Vermögen zu bestellen, ohne gleichzeitig und im gleichen Rang die Gläubiger der Schuldverschreibungen an solchen Sicherheiten teilnehmen zu lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Garantin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed*

securities, die von einer Zweckgesellschaft begeben werden, und bei denen die Garantin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist.

Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Anleihe**" eine Emission von Schuldverschreibungen, die an einer Wertpapierbörse, im Freiverkehr oder einem anderen Wertpapiermarkt notiert, eingeführt oder gehandelt werden oder notiert, eingeführt oder gehandelt werden sollen oder können.

Die Garantie und Negativverpflichtung stellt einen Vertrag zu Gunsten eines jeden Gläubigers als begünstigtem Dritten gemäß § 328 Abs. 1 des Bürgerlichen Gesetzbuchs ("**BGB**") dar, welcher das Recht eines jeden Gläubigers begründet, Erfüllung aus der Garantie und der Negativverpflichtung unmittelbar von der Garantin zu verlangen und die Garantie und die Negativverpflichtung unmittelbar gegenüber der Garantin durchzusetzen. Kopien der Garantie und der Negativverpflichtung können kostenlos am Sitz der Garantin und bei der bezeichneten Geschäftsstelle des Fiscal Agent gemäß § 6 bezogen werden.

§ 3
ZINSEN

(1) *Zinszahlungstage.* (a) Die Schuldverschreibungen werden bezogen auf ihre festgelegte Stückelung ab dem 16. November 2018 (der "**Verzinsungsbeginn**") (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) verzinst. Zinsen auf die Schuldverschreibungen sind nachträglich an jedem Zinszahlungstag zahlbar.

(b) "**Zinszahlungstag**" bedeutet jeder 16. Februar, 16. Mai, 16. August und 16. November.

(c) Fällt ein Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorhergehenden Geschäftstag vorgezogen.

(d) In diesem § 3 bezeichnet "**Geschäftstag**" einen Tag, an dem das Clearing System sowie alle betroffenen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") betriebsbereit sind, um die betreffende Zahlung abzuwickeln.

(2) *Zinssatz.* Der Zinssatz für jede Zinsperiode (jeweils der "**Zinssatz**") ist der Referenzzinssatz zuzüglich der Marge, wie durch die Berechnungsstelle bestimmt (wie jeweils nachstehend definiert).

"**Referenzzinssatz**" bezeichnet, vorbehaltlich § 3(5), die 3-Monats Euro Interbank Offered Rate (als Prozentsatz *per annum* ausgedrückt), welche auf der Bildschirmseite um 11.00 Uhr (Brüsseler Ortszeit) an dem Zinsfestlegungstag (wie nachstehend definiert) angezeigt wird.

Sollte zu der genannten Zeit die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird der Referenzzinssatz nicht angezeigt, wird die Emittentin von den Referenzbanken (wie nachfolgend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in der festgelegten Währung für die betreffende Zinsperiode gegenüber führenden Banken im Interbanken-Markt in der Euro-Zone um ca. 11.00 Uhr (Brüsseler Ortszeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Referenzzinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser Angebotssätze, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Referenzzinssatz für die betreffende Zinsperiode der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze ermittelt, die die

Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf Anfrage der Emittentin als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr (Brüsseler Ortszeit) an dem betreffenden Zinsfestlegungstag Einlagen in der festgelegten Währung für die betreffende Zinsperiode von führenden Banken im Interbanken-Markt in der Euro-Zone angeboten werden zuzüglich der Marge; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, soll der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in der festgelegten Währung für die betreffende Zinsperiode oder das arithmetische Mittel (gerundet wie oben beschrieben) der Angebotssätze für Einlagen in der festgelegten Währung für die betreffende Zinsperiode sein, den bzw. die eine oder mehrere Banken (die nach Ansicht der Emittentin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekanntgeben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken im Interbanken-Markt in der Euro-Zone nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen).

Für den Fall, dass der Referenzzinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Referenzzinssatz, vorbehaltlich § 3(5) die 3-Monats Euro Interbank Offered Rate wie auf der Bildschirmseite am letzten Zinfestlegungstag angezeigt wurde.

Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als 0 %, so ist der Zinssatz für diese Zinsperiode 0 %.

Hierin wie folgt verwendet:

"**Euro-Zone**" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.

"**Zinsperiode**" bezeichnet jeweils den Zeitraum vom Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich).

"**Zinsfestlegungstag**" bezeichnet den zweiten TARGET Geschäftstag vor Beginn der jeweiligen Zinsperiode. "**TARGET-Geschäftstag**" bezeichnet einen Tag, an dem TARGET geöffnet ist, um Zahlungen abzuwickeln.

Die "**Marge**" beträgt 1,55 % *per annum*.

"**Referenzbanken**" bezeichnet die maßgeblichen Niederlassungen in der Euro-Zone von vier Großbanken, die von der Emittentin ausgewählt wurden.

"**Bildschirmseite**" bedeutet Reuters Seite EURIBOR01 oder die jeweilige Nachfolgeseite, die vom selben System angezeigt wird oder aber von einem anderen System, das zum Vertreiben von Informationen zum Zwecke der Anzeige des Referenzzinssatzes ernannt wurde.

(3) *Zinsbetrag.* Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen zahlbaren Zinsbetrag in Bezug auf jede festgelegte Stückelung (der "**Zinsbetrag**") für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede festgelegte Stückelung angewendet werden, wobei der resultierende Betrag auf die kleinste Einheit der festgelegten Währung auf- oder abgerundet wird, wobei 0,5 solcher Einheiten aufgerundet werden.

(4) *Mitteilung von Zinssatz und Zinsbetrag.* Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der betreffende Zinszahlungstag der Emittentin und der Garantin sowie den Gläubigern gemäß § 13 baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden Geschäftstag (wie in § 3 Absatz 1(d) definiert) sowie jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, baldmöglichst nach der Bestimmung, aber keinesfalls später als am ersten Tag der jeweiligen Zinsperiode mitgeteilt werden. Im Fall einer Verlängerung oder Verkürzung der

Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich geändert (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Änderung wird umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Gläubigern gemäß § 13 mitgeteilt.

(5) *Wegfall einer Benchmark*.

(a) *Unabhängiger Berater*

Wenn ein Benchmark Ereignis in Bezug auf den Referenzzinssatz eintritt und ein Zinssatz (oder Teile davon) für eine Zinsperiode noch anhand dieses Referenzzinssatzes festgelegt werden, dann ernennt der Emittent unter zumutbaren Bemühungen einen Unabhängigen Berater, der, sobald wie vernünftigerweise möglich, einen Nachfolgezinssatz oder anderenfalls einen Alternativzinssatz (gemäß § 3 Absatz (5)(b)) und in beiden Fällen gegebenenfalls eine Anpassungsspanne (gemäß § 3 Absatz (5)(c)) festlegt und etwaige Benchmark Änderungen (gemäß § 3 Absatz (5)(d)) vornimmt.

Außer im Falle von grober Fahrlässigkeit oder Vorsatz, übernimmt der Unabhängige Berater keinerlei Haftung gegenüber der Emittentin, dem Fiscal Agent, anderen Beauftragten oder den Gläubigern für seine Festlegungen gemäß diesem § 3 Absatz (5).

Wenn (i) die Emittentin außerstande ist, einen Unabhängigen Berater zu ernennen; oder (ii) der ernannte Unabhängige Berater vor dem betreffenden Zinsfestlegungstag keinen Nachfolgezinssatz oder anderenfalls keinen Alternativzinssatz gemäß diesem § 3 Absatz (5) festlegt, entspricht der Referenzzinssatz der unmittelbar nachfolgenden Zinsperiode dem Referenzzinssatz, der zum letzten Zinfestlegungstag anwendbar war. Falls es keinen ersten Zinszahlungstag gab, ist der Referenzzinssatz der Referenzzinssatz, der für die erste Zinsperiode anwendbar war. Zur Klarstellung: Anpassungen gemäß diesem § 3 Absatz (5) gelten nur für die unmittelbar nachfolgende Zinsperiode. Jede folgende Zinsperiode unterliegt der weiteren Anwendbarkeit dieses § 3 Absatz (5).

(b) *Nachfolgezinssatz oder Alternativzinssatz.* Im Fall, dass der Unabhängige Berater nach billigem Ermessen bestimmt, dass:

(A) es einen Nachfolgezinssatz gibt, dann ist dieser Nachfolgezinssatz (vorbehaltlich etwaiger Änderungen gemäß § 3 Absatz (5)(c)) an Stelle des Referenzzinssatzes maßgeblich, um den Zinssatz für diese Zinsperiode und alle folgenden Zinsperioden vorbehaltlich der weiteren Anwendbarkeit dieses § 3 Absatz (5) zu bestimmen; oder

(B) es keinen Nachfolgezinssatz aber einen Alternativzinssatz gibt, dann ist dieser Alternativzinssatz (vorbehaltlich etwaiger Änderungen gemäß § 3 Absatz (5)(c)) an Stelle des Referenzzinssatzes maßgeblich, um den Zinssatz für diese Zinsperiode und alle folgenden Zinsperioden vorbehaltlich der weiteren Anwendbarkeit dieses § 3 Absatz (5) zu bestimmen.

(c) *Anpassungsspanne.* Wenn der Unabhängige Berater nach billigem Ermessen bestimmt, dass (A) eine Anpassungsspanne auf den Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz anzuwenden ist und (B) den Umfang, eine Formel oder die Methode zur Bestimmung einer solchen Anpassungsspanne festlegt, dann findet eine solche Anpassungsspanne auf den Nachfolgezinssatz oder gegebenenfalls Alternativzinssatz Anwendung.

(d) *Änderungen der Benchmark.* Sobald ein entsprechender Nachfolgezinssatz, Alternativzinssatz oder eine entsprechende Anpassungsspanne gemäß diesem § 3 Absatz (5) festgelegt wird und der Unabhängige Berater nach billigem Ermessen (i) bestimmt, dass Änderungen hinsichtlich dieser Bedingungen notwendig sind, um die ordnungsgemäße Anwendung eines Nachfolgezinssatz, Alternativzinssatz und/oder einer Anpassungsspanne zu gewährleisten (diese Änderungen, die "**Benchmark Änderungen**") und (ii) die Bedingungen dieser Benchmark Änderungen bestimmt, dann gelten jene Benchmark Änderungen für die

Schuldverschreibungen, vorbehaltlich einer gemäß § 3 Absatz (5)(e) vorgeschriebenen Mitteilung durch die Emittentin, ab dem in der Mitteilung angegebenen Zeitpunkt.

(e) *Mitteilungen, etc.* Ein Nachfolgezinssatz, Alternativzinssatz, eine entsprechende Anpassungsspanne oder die Bedingungen von Benchmark Änderungen gemäß diesem § 3 Absatz (5) werden unverzüglich durch die Emittentin an den Fiscal Agent, die Berechnungsstelle und die Zahlstellen sowie gemäß § 13 an die Gläubiger mitgeteilt. Eine solche Mitteilung ist unwiderruflich und enthält gegebenenfalls den Wirkungszeitpunkt von Benchmark Änderungen.

Zum gleichen Zeitpunkt wie die Mitteilung an den Fiscal Agent, übergibt die Emittentin diesem einen durch zwei Unterschriftsberechtigte der Emittentin unterzeichneten Nachweis, der

(A) bestätigt, dass (x) ein Benchmark Ereignis eingetreten ist, (y) der Nachfolgezinssatz oder gegebenenfalls der Alternativzinssatz und (z) soweit zutreffend eine Anpassungsspanne und/oder die Bedingungen von Benchmark Änderungen jeweils bestimmt gemäß § 3 Absatz (5);

(B) bestätigt, dass die Benchmark Änderungen notwendig sind, um die ordnungsgemäße Anwendung eines solchen Nachfolgezinssatz, Alternativzinssatz und/oder der Anpassungsspanne zu gewährleisten.

Der Nachfolgezinssatz oder Alternativzinssatz, eine Anpassungsspanne (sofern zutreffend) und die Benchmark Änderungen (sofern zutreffend) sind in der Form des Nachweises (mit Ausnahme von offensichtlichen Fehlern oder Bösgläubigkeit bei der Festlegung des Nachfolgezinssatzes oder Alternativzinssatzes, einer entsprechenden Anpassungsspanne (sofern zutreffend) oder der Bedingungen von Benchmark Änderungen (sofern zutreffend)) bindend für die Emittentin, den Fiscal Agent, die Berechnungsstelle, die Zahlstellen und die Gläubiger.

(f) *Fortbestehen des Referenzzinssatzes.* Vorbehaltlich der Verpflichtungen der Emittentin gemäß § 3 Absatz (5)(a), (b), (c) und (d) bleiben der Referenzzinssatz und die Fallback-Regelungen in der Definition "Referenzzinssatz" gemäß § 3 Absatz (2) bis zum Eintritt eines Benchmark Ereignisses anwendbar.

(g) *Definitionen.* Zur Verwendung in § 3 Absatz (5)

"**Anpassungsspanne**" bezeichnet entweder die Differenz (positiv oder negativ) oder Formel oder die Methode zur Bestimmung einer solchen Spanne, die nach Bestimmung durch den Unabhängigen Berater auf den Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz anzuwenden ist, um wirtschaftliche Nachteile oder gegebenenfalls Vorteile der Gläubiger, soweit unter den Umständen sinnvoll umsetzbar, zu reduzieren oder auszuschließen, die durch die Ersetzung des Referenzzinssatzes durch die Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz entstehen und ist die Differenz oder Formel oder Methode, die:

(1) im Fall eines Nachfolgezinssatzes formell im Zusammenhang mit der Ersetzung des Referenzzinssatzes durch den Nachfolgezinssatz vom Nominierungsgremium vorgeschlagen wird; oder (sofern keine Empfehlung abgegeben wurde oder im Fall eines Alternativzinssatzes); oder

(2) durch den Unabhängigen Berater als anerkannten und berücksichtigten Industriestandard für "over-the-counter" derivative Transaktionen mit Bezug auf den Referenzzinssatz, bei denen dieser durch den Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz ersetzt wurde, bestimmt wird; (oder, falls der Unabhängigen Berater bestimmt, dass es keinen anerkannten und berücksichtigten Industriestandard gibt); oder

(3) von dem Unabhängigen Berater als angemessen erachtet wird.

"**Alternativzinssatz**" bezeichnet eine alternative Benchmark oder einen Angebotszinssatz welche der Unabhängige Berater gemäß § 3 Absatz (5)(b) als zur Bestimmung von variablen Zinssätzen in Euro (oder entsprechenden Teilen davon) auf den internationalen Fremdkapitalmärkten marktüblich bestimmt.

"**Benchmark Änderungen**" hat die Bedeutung wie in § 3 Absatz (5)(a).

"**Benchmark Ereignis**" bezeichnet:

(1) die Nichtveröffentlichung des Referenzzinssatzes für mindestens fünf (5) Geschäftstage oder das Nichtbestehen des Referenzzinssatzes; oder

(2) eine öffentliche Bekanntmachung des Administrators des Referenzzinssatzes dahingehend, dass die Veröffentlichung dauerhaft oder auf unbestimmte Zeit eingestellt wird (in Fällen in denen kein Nachfolgeadministrator ernannt worden ist, der die Veröffentlichung vornehmen wird); oder

(3) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Referenzzinssatzes dass die Veröffentlichung dauerhaft oder auf unbestimmte Zeit eingestellt wird oder bereits wurde; oder

(4) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Referenzzinssatzes infolgedessen der Referenzzinssatz allgemein oder in Bezug auf die Schuldverschreibungen nicht mehr verwendet werden darf; oder

(5) den Umstand, dass die Verwendung des Referenzzinssatzes zur Berechnung des Zinssatzes für die Zahlstellen, die Berechnungsstelle, die Emittentin oder jeden Dritten rechtswidrig geworden ist.

"**Unabhängiger Berater**" bezeichnet ein von der Emittentin ernanntes unabhängiges Finanzinstitut mit internationalem Ansehen oder einen anderen unabhängigen Finanzberater mit Erfahrung in internationalen Kapitalmärkten.

"**Nominierungsgremium**" bezeichnet in Bezug auf die Benchmark oder einen Angebotszinssatz:

(1) die Zentralbank für die Währung in der die Benchmark oder den Angebotszinssatz dargestellt wird oder eine Zentralbank oder andere Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Angebotszinssatzes zuständig ist; oder

(2) jede Arbeitsgruppe oder Komitee gefördert durch, geführt oder mitgeführt von oder gebildet von (a) der Zentralbank für die Währung in der die Benchmark oder den Angebotszinssatz dargestellt wird, (b) einer Zentralbank oder anderen Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Angebotszinssatzes zuständig sind, (c) einer Gruppe der zuvor genannten Zentralbanken oder anderer Aufsichtsbehörden oder (d) dem Finanzstabilitätsrat (*Financial Stability Board*) oder Teilen davon.

"**Nachfolgezinssatz**" bezeichnet einen Nachfolger oder Ersatz des Referenzzinssatzes, der formell durch das Nominierungsgremium vorgeschlagen wurde.

(6) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, den Fiscal Agent, die Zahlstellen und die Gläubiger bindend.

(7) *Auflaufende Zinsen.* Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung der Schuldverschreibungen nicht mit Ablauf des Tages der dem Fälligkeitstag vorangeht, sondern erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Die Verzinsung des ausstehenden Nennbetrages vom Tag der Fälligkeit an (einschließlich) bis zum Tag der Rückzahlung der

Schuldverschreibungen (ausschließlich) erfolgt in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.[(1)]

(8) *Zinstagequotient*. "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung von Zinsbeträgen für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**") die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, dividiert durch 360.

§ 4
ZAHLUNGEN

(1) (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz (3)(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag, der ein Tag ist, an dem das Clearing System sowie alle betroffenen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") betriebsbereit sind, um die betreffenden Zahlungen weiterzuleiten.

(5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen; sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge einschließen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

[(1)] Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 BGB.

§ 5
RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am in den 16. November 2024 fallenden Zinszahlungstag (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht dem Nennbetrag der Schuldverschreibungen.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber dem Fiscal Agent und gemäß § 13 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin oder die Garantin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften in Deutschland oder der Niederlande oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 Absatz (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Emissionsbedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger, der Emittentin oder der Garantin zur Verfügung stehender Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin oder die Garantin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr wirksam ist. Der für die Rückzahlung festgelegte Termin muss ein Zinszahlungstag sein.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(3) *Vorzeitiger Rückzahlungsbetrag.* Für die Zwecke des § 9 und des Absatzes (2) dieses § 5, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

§ 6
DER FISCAL AGENT, DIE ZAHLSTELLEN UND DIE BERECHNUNGSSTELLE

(1) *Bestellung; bezeichnete Geschäftsstelle.* Der anfänglich bestellte Fiscal Agent, die anfänglich bestellte Zahlstelle und die anfänglich bestellte Berechnungsstelle und deren bezeichnete Geschäftsstellen lauten wie folgt:

Fiscal Agent, Zahlstelle und Berechnungsstelle:	Citibank, N.A. Citigroup Centre Canary Wharf London E14 5LB Vereinigtes Königreich
Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch 60 avenue J.F. Kennedy L-1855 Luxembourg Großherzogtum Luxemburg

Der Fiscal Agent, die Zahlstelle und die Berechnungsstelle behalten sich das Recht vor, jederzeit ihre bezeichneten Geschäftsstellen durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung des Fiscal Agent oder der Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und einen anderen Fiscal Agent oder zusätzliche oder andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) einen Fiscal Agent unterhalten, (ii) solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, eine Zahlstelle (die der Fiscal Agent sein kann) mit bezeichneter Geschäftsstelle in Luxemburg und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen und (iii) eine Berechnungsstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U. S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(3) *Erfüllungsgehilfe(n) der Emittentin.* Der Fiscal Agent, die Zahlstelle und die Berechnungsstelle handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 7
STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in den Niederlanden oder Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde von oder in den Niederlanden oder Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

(a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu den Niederlanden oder Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen, welche an eine natürliche Person oder an bestimmte juristische Personen, die als sonstige Einrichtungen (residual entities) bezeichnet werden ausgeschüttet werden oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Niederlande oder Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, oder (iv) des Gesetzes vom 23. Dezember 2005, in seiner geänderten Fassung, bezüglich natürlicher Personen, die in Luxemburg ansässig sind, abzuziehen oder einzubehalten sind; oder

(d) aufgrund einer Rechtsänderung zahlbar sind, die später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 13 wirksam wird; oder

(e) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können.

Unbeschadet gegenteiliger Bestimmungen in diesen Emissionsbedingungen ist es der Emittentin, der Garantin und jeder Zahlstelle gestattet, Beträge einzubehalten oder abzuziehen, die aufgrund jedweder Steuer, die gemäß der Abschnitte 1471 bis 1474 des U.S. Internal Revenue Codes von 1986 in ihrer jeweils geltenden Fassung und den hierunter verkündeten Verordnungen, gemäß einem zwischenstaatlichen Vertrag oder Gesetzen oder Verordnungen anderer Staaten, die im Hinblick hierauf erlassen wurden oder nach jeder Vereinbarung mit dem U.S. Internal Revenue Service erhoben werden und auf die Schuldverschreibungen zahlbar sind. Weiterhin sind sie nicht verpflichtet, zusätzliche Beträge im Hinblick auf solche Steuern zu zahlen.

§ 8
VORLEGUNGSFRIST

Die in § 801 Abs. 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 9
KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen ganz oder teilweise durch Kündigung gegenüber dem Fiscal Agent fällig zu stellen und Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

(a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt; oder

(b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen oder die Garantin die Erfüllung einer Verpflichtung aus der Garantie, auf die in § 2 Bezug genommen wird, unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 90 Tage fortdauert, nachdem der Fiscal Agent hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder

(c) die Emittentin oder die Garantin ihre Zahlungsunfähigkeit bekanntgibt; oder

(d) ein Gericht ein Konkurs- oder anderes Insolvenzverfahren gegen die Emittentin oder die Garantin eröffnet, oder ein Verfahren eröffnet wird, welches nicht innerhalb von 60 Tagen beendet oder eingestellt wird oder die Emittentin oder die Garantin ein solches Verfahren einleitet oder beantragt oder die Emittentin ein *"surseance van betaling"* (im Sinne des niederländischen Insolvenzrechts) beantragt; oder

(e) die Emittentin oder die Garantin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin oder die Garantin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist; oder

(f) die Garantie, gleich aus welchem Grund, nicht mehr in vollem Umfang rechtswirksam ist.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Quorum.* Im Falle von Absatz (1)(b) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in Absatz (1)(a) und (1)(c) bis (1)(e) bezeichneten Kündigungsgründe vorliegt,

erst wirksam, wenn bei dem Fiscal Agent Kündigungserklärungen von Gläubigern von Schuldverschreibungen im Gesamtnennbetrag von mindestens $^1/_{10}$ der dann ausstehenden Schuldverschreibungen eingegangen sind.

(3) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz (1) ist in Textform in deutscher oder englischer Sprache gegenüber dem Fiscal Agent zu erklären. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § 14 Absatz (3) definiert) oder auf andere geeignete Weise erbracht werden.

§ 10
ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger entweder die Garantin oder eine Tochtergesellschaft (wie nachstehend definiert) der Garantin an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, sofern:

(a) die Nachfolgeschuldnerin in der Lage ist, sämtliche sich aus oder im Zusammenhang mit diesen Schuldverschreibungen ergebenen Zahlungsverpflichtungen ohne die Notwendigkeit eines Einbehalts von irgendwelchen Steuern oder Abgaben an der Quelle zu erfüllen sowie die hierzu erforderlichen Beträge ohne Beschränkungen an den Fiscal Agent übertragen können;

(b) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin aus oder im Zusammenhang mit diesen Schuldverschreibungen übernimmt;

(c) die Nachfolgeschuldnerin sich verpflichtet, jedem Gläubiger alle Steuern, Gebühren oder Abgaben zu erstatten, die ihm in Folge der Ersetzung durch die Nachfolgeschuldnerin auferlegt werden;

(d) sichergestellt ist, dass sich die Verpflichtungen der Garantin aus der Garantie auch auf die Schuldverschreibungen der Nachfolgeschuldnerin erstrecken;

(e) dem Fiscal Agent jeweils eine Bestätigung bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt wird, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden; und

(f) es sich bei der Nachfolgeschuldnerin nicht um die VW Credit, Inc. oder Volkswagen Group of America Finance, LLC handelt.

Im Sinne dieser Emissionsbedingungen bedeutet "**Tochtergesellschaft**" eine Kapital- oder Personengesellschaft, an der die Volkswagen Aktiengesellschaft direkt oder indirekt insgesamt mehr als 90 % des Kapitals jeder Klasse oder der Stimmrechte hält.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 13 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Fall einer Ersetzung folgendes:

In § 7 und § 5 Absatz (2) gilt eine alternative Bezugnahme auf die Niederlande als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat).

§ 11
BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei dem Fiscal Agent zwecks Entwertung eingereicht werden. Sofern diese Käufe durch ein öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 12
ÄNDERUNG DER EMISSIONSBEDINGUNGEN, GEMEINSAMER VERTRETER, ÄNDERUNG DER GARANTIE

(1) *Änderung der Emissionsbedingungen*. Die Emittentin kann mit den Gläubigern Änderungen der Emissionsbedingungen oder sonstige Maßnahmen durch Mehrheitsbeschluss der Gläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweils geltenden Fassung beschließen. Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Emissionsbedingungen, einschließlich der in § 5 Abs. 3 SchVG vorgesehenen Maßnahmen durch Beschlüsse mit den in dem nachstehenden § 12(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger gleichermaßen verbindlich.

(2) *Mehrheit*. Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Emissionsbedingungen, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, geändert wird, oder sonstige wesentliche Maßnahmen beschlossen werden bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**").

(3) *Beschlussfassung*. Die Gläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG fassen.

(4) *Gläubigerversammlung*. Falls Beschlüsse der Gläubiger in einer Gläubigerversammlung gefasst werden, enthält die Bekanntmachung der Einberufung nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Bekanntmachung der Einberufung bekannt gemacht. Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(5) *Abstimmung ohne Versammlung*. Falls Beschlüsse der Gläubiger im Wege einer Abstimmung ohne Versammlung gefasst werden, enthält die Aufforderung zur Stimmabgabe nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Aufforderung zur Stimmabgabe bekannt

gemacht. Die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Aufforderung zur Stimmabgabe mitgeteilten Adresse spätestens am dritten Tag vor Beginn des Abstimmungszeitraums zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

(6) *Zweite Versammlung*. Wird für die Gläubigerversammlung gemäß § 12(4) oder die Abstimmung ohne Versammlung gemäß § 12(5) die mangelnde Beschlussfähigkeit festgestellt, kann -im Fall der Gläubigerversammlung -der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und - im Fall der Abstimmung ohne Versammlung -der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der zweiten Versammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(7) *Gemeinsamer Vertreter*. Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der "**Gemeinsame Vertreter**"), die Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters bestimmen. Die Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt werden soll, Änderungen des wesentlichen Inhalts der Emissionsbedingungen oder sonstigen wesentlichen Maßnahmen gemäß § 12(2) zuzustimmen.

(8) Veröffentlichung. Bekanntmachungen betreffend diesen § 12 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

(9) Änderung der Garantie. Die oben aufgeführten auf die Schuldverschreibungen anwendbaren Bestimmungen gelten entsprechend für die Bestimmungen der Garantie der Volkswagen Aktiengesellschaft und jeder Garantie gemäß § 10(1)(d).

§ 13
MITTEILUNGEN

(1) *Bekanntmachung*. Alle die Schuldverschreibungen betreffenden Mitteilungen sind durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu) zu veröffentlichen. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am dritten Tag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System*. Solange Schuldverschreibungen an der Luxemburger Börse notiert sind, findet Absatz (1) Anwendung. Soweit dies Mitteilungen über den Zinssatz betrifft oder die Regeln der Luxemburger Börse es zulassen, kann die Emittentin eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

§ 14
ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Die Schuldverschreibungen, einschließlich die Rechte und Pflichten der Gläubiger und der Emittentin unterliegen in jeder Hinsicht deutschem Recht.

(2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Gläubiger können ihre Ansprüche jedoch auch vor anderen zuständigen Gerichten geltend machen. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Schuldverschreibungen. Die Emittentin unterwirft sich hiermit der Gerichtsbarkeit der nach diesem Absatz zuständigen Gerichte.

Das Amtsgericht Frankfurt am Main ist gemäß § 9 Abs. 3 SchVG zuständig für alle Verfahren nach §§ 9 Abs. 2, 13 Abs. 3 und 18 Abs. 2 SchVG und das Landgericht Frankfurt am Main ist gemäß § 20 Abs. 3 SchVG ausschließlich zuständig für Klagen im Zusammenhang mit der Anfechtung von Beschlüssen der Gläubiger.

(3) *Bestellung von Zustellungsbevollmächtigten.* Für etwaige Rechtsstreitigkeiten vor deutschen Gerichten bestellt die Emittentin die Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Deutschland, zu ihrer Zustellungsbevollmächtigten in Deutschland.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 15
SPRACHE

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

8. EMISSIONSBEDINGUNGEN DER EURO-SCHULDVERSCHREIBUNGEN BEI FESTER VERZINSUNG (DEUTSCHE FASSUNG)

Für die Zwecke dieses Abschnitts 8 (Emissionsbedingungen der Inhaberschuldverschreibungen bei Fester Verzinsung) gilt, dass bei Widersprüchen oder Abweichungen zwischen Definitionen, die in diesem Abschnitt 8 (Emissionsbedingungen der Inhaberschuldverschreibungen bei Fester Verzinsung) und solchen, die in anderen Abschnitten dieses Prospekts definiert sind, sämtliche Begriffe und Wendungen die in diesem Abschnitt 8 (Emissionsbedingungen der Inhaberschuldverschreibungen bei Fester Verzinsung) vorgesehene Bedeutung haben.

§ 1
WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

(1) *Währung; Stückelung*. Diese Serie der Schuldverschreibungen (die "**Schuldverschreibungen**") der Volkswagen International Finance N.V. (die "**Emittentin**") wird in Euro (die "**festgelegte Währung**") im Gesamtnennbetrag (vorbehaltlich § 1 Absatz (6)) von EUR 750.000.000 (in Worten: Euro siebenhundertfünfzig Millionen) im Falle der 2027 Schuldverschreibungen, EUR 1.000.000.000 (in Worten: Euro einer Milliarde) im Falle der 2030 Schuldverschreibungen und EUR 1.250.000.000 (in Worten: Euro einer Milliarde zweihundertfünfzig Millionen) im Falle der 2038 Schuldverschreibungen, jeweils mit einer Stückelung von EUR 100.000 (die "**festgelegte Stückelung**") begeben.

(2) *Form*. Die Schuldverschreibungen lauten auf den Inhaber und sind durch eine oder mehrere Globalurkunden verbrieft (jeweils eine "**Globalurkunde**").

(3) *Vorläufige Globalurkunde – Austausch*.

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von dem Fiscal Agent oder in dessen Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Begebung der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen liegt. Der Austauschtag darf nicht weniger als 40 Tage nach dem Tag der Begebung liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U. S.-Personen (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten) sind. Zinszahlungen auf durch eine vorläufige Globalurkunde verbriefte Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 Absatz (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 6 Absatz (2) definiert) geliefert werden.

(4) *Clearing System*. Die Globalurkunde, die die Schuldverschreibungen verbrieft, wird von einem oder für ein Clearing System verwahrt. "Clearing System" bedeutet jeweils folgendes: Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**CBL**") und Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**")

(CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**") sowie jeder Funktionsnachfolger.

Die Schuldverschreibungen werden in Form einer New Global Note ("**NGN**") ausgegeben und von einem common safekeeper im Namen beider ICSDs verwahrt.

(5) *Gläubiger von Schuldverschreibungen*. "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Schuldverschreibungen.

(6) *Register der ICSDs*. Der Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Nennbetrages der durch die Globalurkunde verbrieften Schuldverschreibungen, und ein zu diesen Zwecken von einem ICSD jeweils ausgestellte Bescheinigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist maßgebliche Bestätigung des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Tilgung oder Zahlung einer Rückzahlungsrate oder einer Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, Zahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass, nach dieser Eintragung, vom Nennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs pro rata in die Register der ICSDs aufgenommen werden.

§ 2
STATUS, NEGATIVVERPFLICHTUNG UND GARANTIE

(1) *Status*. Die Schuldverschreibungen begründen direkte, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Negativverpflichtung*. Die Emittentin verpflichtet sich solange eine Schuldverschreibung noch aussteht (aber nur bis zu dem Zeitpunkt, in dem alle Beträge von Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind), ihr Vermögen nicht mit Sicherungsrechten zur Besicherung von anderen Schuldverschreibungen, einschließlich von Garantien und Bürgschaften, zu belasten oder solche Rechte zu diesem Zweck bestehen zu lassen, ohne gleichzeitig die Gläubiger an derselben Sicherheit in gleicher Weise und anteilmäßig teilnehmen zu lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Emittentin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed securities*, die von einer Zweckgesellschaft begeben werden, und bei denen die Emittentin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist.

(3) *Garantie*. Volkswagen Aktiengesellschaft (die "**Garantin**") hat eine unbedingte und unwiderrufliche Garantie (die "**Garantie**") für die pünktliche Zahlung von Kapital und Zinsen übernommen. Darüber hinaus hat sich die Garantin in dieser Garantie verpflichtet (die "**Verpflichtungserklärung**") solange eine Schuldverschreibung noch aussteht (aber nur bis zu dem Zeitpunkt, in dem alle Beträge von Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind), für andere Anleihen, einschließlich dafür übernommener Garantien und Gewährleistungen, keine Sicherheiten an ihrem Vermögen zu bestellen, ohne gleichzeitig und im gleichen Rang die Gläubiger der Schuldverschreibungen an solchen Sicherheiten teilnehmen zu

lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Garantin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed securities*, die von einer Zweckgesellschaft begeben werden, und bei denen die Garantin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist.

Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Anleihe**" eine Emission von Schuldverschreibungen, die an einer Wertpapierbörse, im Freiverkehr oder einem anderen Wertpapiermarkt notiert, eingeführt oder gehandelt werden oder notiert, eingeführt oder gehandelt werden sollen oder können.

Die Garantie und Negativverpflichtung stellt einen Vertrag zu Gunsten eines jeden Gläubigers als begünstigtem Dritten gemäß § 328 Abs. 1 des Bürgerlichen Gesetzbuchs ("**BGB**") dar, welcher das Recht eines jeden Gläubigers begründet, Erfüllung aus der Garantie und der Negativverpflichtung unmittelbar von der Garantin zu verlangen und die Garantie und die Negativverpflichtung unmittelbar gegenüber der Garantin durchzusetzen. Kopien der Garantie und der Negativverpflichtung können kostenlos am Sitz der Garantin und bei der bezeichneten Geschäftsstelle des Fiscal Agent gemäß § 6 bezogen werden.

§ 3
ZINSEN

(1) *Zinssatz und Zinszahlungstage*. Die 2027 Schuldverschreibungen, die 2030 Schuldverschreibungen und die 2038 Schuldverschreibungen werden bezogen auf ihre festgelegte Stückelung verzinst, und zwar vom 16. November 2018 (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 Absatz (1) definiert) (ausschließlich) mit jährlich 2,625 % im Falle der 2027 Schuldverschreibungen, mit jährlich 3,250 % im Falle der 2030 Schuldverschreibungen und mit jährlich 4,125 % im Falle der 2038 Schuldverschreibungen. Die Zinsen sind im Falle der 2027 Schuldverschreibungen und der 2038 Schuldverschreibungen nachträglich am 16. November eines jeden Jahres zahlbar und im Falle der 2030 Schuldverschreibungen nachträglich am 18. November eines jeden Jahres zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt im Falle der 2027 Schuldverschreibungen und der 2038 Schuldverschreibungen am 16. November 2019. Im Falle der 2030 Schuldverschreibungen erfolgt die erste Zinszahlung am 18. November 2019 (Erster langer Kupon) und beläuft sich auf EUR 3.267,81 je festgelegte Stückelung.

(2) *Auflaufende Zinsen*. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung der Schuldverschreibungen nicht mit Ablauf des Tages, der dem Tag der Fälligkeit vorangeht, sondern erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Die Verzinsung des ausstehenden Nennbetrages vom Tag der Fälligkeit an (einschließlich) bis zum Tag der Rückzahlung der Schuldverschreibungen (ausschließlich) erfolgt in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.[(1)]

(3) *Berechnung der Zinsen für Teile von Zeiträumen*. Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient*. "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung von Zinsbeträgen für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**") die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, dividiert durch die tatsächliche Anzahl von Tagen im jeweiligen Zinsjahr.

[(1)] Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 BGB.

§ 4
ZAHLUNGEN

(1) (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz (3)(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag, der ein Tag (außer einem Samstag oder Sonntag) ist, an dem das Clearing System sowie alle betroffenen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") betriebsbereit sind, um die betreffenden Zahlungen weiterzuleiten.

(5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen; sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge einschließen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 5
RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag im Falle der 2027 Schuldverschreibungen am 16. November 2027, im Falle der 2030 Schuldverschreibungen am 18. November 2030 und im Falle der 2038 Schuldverschreibungen am 16. November 2038 (jeweils ein "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht dem Nennbetrag der Schuldverschreibungen.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber dem Fiscal Agent und gemäß § 13 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener

Zinsen zurückgezahlt werden, falls die Emittentin oder die Garantin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften in Deutschland oder der Niederlande oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 Absatz (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Emissionsbedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger, der Emittentin oder der Garantin zur Verfügung stehender Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin oder die Garantin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr wirksam ist.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(3) *Vorzeitiger Rückzahlungsbetrag.* Für die Zwecke des § 9 und des Absatzes (2) dieses § 5, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

§ 6
DER FISCAL AGENT UND DIE ZAHLSTELLEN

(1) *Bestellung; bezeichnete Geschäftsstelle.* Der anfänglich bestellte Fiscal Agent und die anfänglich bestellte Zahlstelle und deren bezeichnete Geschäftsstellen lauten wie folgt:

Fiscal Agent und Zahlstelle:	Citibank, N.A. Citigroup Centre Canary Wharf London E14 5LB Vereinigtes Königreich
Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch 60 avenue J.F. Kennedy L-1855 Luxembourg Großherzogtum Luxemburg

Der Fiscal Agent behält sich das Recht vor, jederzeit seine bezeichneten Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung des Fiscal Agent oder der Zahlstelle zu ändern oder zu beenden und einen anderen Fiscal Agent oder zusätzliche Zahlstellen zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) einen Fiscal Agent unterhalten und (ii) solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, eine Zahlstelle (die der Fiscal Agent sein kann) mit bezeichneter Geschäftsstelle in Luxemburg und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U. S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(3) *Erfüllungsgehilfe(n) der Emittentin.* Der Fiscal Agent handelt ausschließlich als Erfüllungsgehilfe der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihm und den Gläubigern begründet.

§ 7
STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in den Niederlanden oder Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde von oder in den Niederlanden oder Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

(a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu den Niederlanden oder Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen, welche an eine natürliche Person oder an bestimmte juristische Personen, die als sonstige Einrichtungen (residual entities) bezeichnet werden ausgeschüttet werden oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Niederlande oder Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, oder (iv) des Gesetzes vom 23. Dezember 2005, in seiner geänderten Fassung, bezüglich natürlicher Personen, die in Luxemburg ansässig sind, abzuziehen oder einzubehalten sind oder

(d) aufgrund einer Rechtsänderung zahlbar sind, die später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 13 wirksam wird; oder

(e) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können.

Unbeschadet gegenteiliger Bestimmungen in diesen Emissionsbedingungen ist es der Emittentin, der Garantin und jeder Zahlstelle gestattet, Beträge einzubehalten oder abzuziehen, die aufgrund jedweder Steuer, die gemäß der Abschnitte 1471 bis 1474 des U.S. Internal Revenue Codes von 1986 in ihrer jeweils geltenden Fassung und den hierunter verkündeten Verordnungen, gemäß einem zwischenstaatlichen Vertrag oder Gesetzen oder Verordnungen anderer Staaten, die im Hinblick hierauf erlassen wurden oder nach jeder Vereinbarung mit dem U.S. Internal Revenue Service erhoben werden und auf die Schuldverschreibungen zahlbar sind. Weiterhin sind sie nicht verpflichtet, zusätzliche Beträge im Hinblick auf solche Steuern zu zahlen.

§ 8
VORLEGUNGSFRIST

Die in § 801 Abs. 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 9
KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen ganz oder teilweise durch Kündigung gegenüber dem Fiscal Agent fällig zu stellen und Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

(a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt; oder

(b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen oder die Garantin die Erfüllung einer Verpflichtung aus der Garantie, auf die in § 2 Bezug genommen wird, unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 90 Tage fortdauert, nachdem der Fiscal Agent hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder

(c) die Emittentin oder die Garantin ihre Zahlungsunfähigkeit bekanntgibt; oder

(d) ein Gericht ein Konkurs- oder anderes Insolvenzverfahren gegen die Emittentin oder die Garantin eröffnet, oder ein Verfahren eröffnet wird, welches nicht innerhalb von 60 Tagen beendet oder eingestellt wird oder die Emittentin oder die Garantin ein solches Verfahren einleitet oder beantragt oder die Emittentin ein *"surseance van betaling"* (im Sinne des niederländischen Insolvenzrechts) beantragt; oder

(e) die Emittentin oder die Garantin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin oder die Garantin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist; oder

(f) die Garantie, gleich aus welchem Grund, nicht mehr in vollem Umfang rechtswirksam ist.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Quorum.* Im Falle von Absatz (1) (b) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in Absatz (1)(a) und (1)(c) bis (1)(e) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei dem Fiscal Agent Kündigungserklärungen von Gläubigern von Schuldverschreibungen im Gesamtnennbetrag von mindestens $^1/_{10}$ der dann ausstehenden Schuldverschreibungen eingegangen sind.

(3) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz (1) ist in Textform in deutscher oder englischer Sprache gegenüber dem Fiscal Agent zu erklären. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § 14 Absatz (3) definiert) oder auf andere geeignete Weise erbracht werden.

§ 10
ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der

Gläubiger entweder die Garantin oder eine Tochtergesellschaft (wie nachstehend definiert) der Garantin an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, sofern:

(a) die Nachfolgeschuldnerin in der Lage ist, sämtliche sich aus oder im Zusammenhang mit diesen Schuldverschreibungen ergebenen Zahlungsverpflichtungen ohne die Notwendigkeit eines Einbehalts von irgendwelchen Steuern oder Abgaben an der Quelle zu erfüllen sowie die hierzu erforderlichen Beträge ohne Beschränkungen an den Fiscal Agent übertragen können;

(b) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin aus oder im Zusammenhang mit diesen Schuldverschreibungen übernimmt;

(c) die Nachfolgeschuldnerin sich verpflichtet, jedem Gläubiger alle Steuern, Gebühren oder Abgaben zu erstatten, die ihm in Folge der Ersetzung durch die Nachfolgeschuldnerin auferlegt werden;

(d) sichergestellt ist, dass sich die Verpflichtungen der Garantin aus der Garantie auch auf die Schuldverschreibungen der Nachfolgeschuldnerin erstrecken;

(e) dem Fiscal Agent jeweils eine Bestätigung bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt wird, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden; und

(f) es sich bei der Nachfolgeschuldnerin nicht um die VW Credit, Inc. oder Volkswagen Group of America Finance, LLC handelt.

Im Sinne dieser Emissionsbedingungen bedeutet "**Tochtergesellschaft**" eine Kapital- oder Personengesellschaft, an der die Volkswagen Aktiengesellschaft direkt oder indirekt insgesamt mehr als 90 % des Kapitals jeder Klasse oder der Stimmrechte hält.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 13 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Fall einer Ersetzung folgendes:

In § 7 und § 5 Absatz (2) gilt eine alternative Bezugnahme auf die Niederlande als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat).

§ 11
BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei dem Fiscal Agent zwecks Entwertung eingereicht werden. Sofern diese Käufe durch ein öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 12
ÄNDERUNG DER EMISSIONSBEDINGUNGEN, GEMEINSAMER VERTRETER, ÄNDERUNG DER GARANTIE

(1) *Änderung der Emissionsbedingungen*. Die Emittentin kann mit den Gläubigern Änderungen der Emissionsbedingungen oder sonstige Maßnahmen durch Mehrheitsbeschluss der Gläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweils geltenden Fassung beschließen. Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Emissionsbedingungen, einschließlich der in § 5 Abs. 3 SchVG vorgesehenen Maßnahmen durch Beschlüsse mit den in dem nachstehenden § 12(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger gleichermaßen verbindlich.

(2) *Mehrheit*. Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Emissionsbedingungen, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, geändert wird, oder sonstige wesentliche Maßnahmen beschlossen werden bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**").

(3) *Beschlussfassung*. Die Gläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG fassen.

(4) *Gläubigerversammlung*. Falls Beschlüsse der Gläubiger in einer Gläubigerversammlung gefasst werden, enthält die Bekanntmachung der Einberufung nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Bekanntmachung der Einberufung bekannt gemacht. Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(5) *Abstimmung ohne Versammlung*. Falls Beschlüsse der Gläubiger im Wege einer Abstimmung ohne Versammlung gefasst werden, enthält die Aufforderung zur Stimmabgabe nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Aufforderung zur Stimmabgabe bekannt gemacht. Die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Aufforderung zur Stimmabgabe mitgeteilten Adresse spätestens am dritten Tag vor Beginn des Abstimmungszeitraums zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

(6) *Zweite Versammlung*. Wird für die Gläubigerversammlung gemäß § 12(4) oder die Abstimmung ohne Versammlung gemäß § 12(5) die mangelnde Beschlussfähigkeit festgestellt, kann -im Fall der Gläubigerversammlung -der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und - im Fall der Abstimmung ohne Versammlung -der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der zweiten Versammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur

Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(7) *Gemeinsamer Vertreter*. Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der "**Gemeinsame Vertreter**"), die Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters bestimmen. Die Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt werden soll, Änderungen des wesentlichen Inhalts der Emissionsbedingungen oder sonstigen wesentlichen Maßnahmen gemäß § 12(2) zuzustimmen.

(8) Veröffentlichung. Bekanntmachungen betreffend diesen § 12 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

(9) Änderung der Garantie. Die oben aufgeführten auf die Schuldverschreibungen anwendbaren Bestimmungen gelten entsprechend für die Bestimmungen der Garantie der Volkswagen Aktiengesellschaft und jeder Garantie gemäß § 10(1)(d).

§ 13
MITTEILUNGEN

(1) *Bekanntmachung*. Alle die Schuldverschreibungen betreffenden Mitteilungen sind durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu) zu veröffentlichen. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am dritten Tag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System*. Solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, findet Absatz (1) Anwendung. Soweit dies Mitteilungen über den Zinssatz betrifft oder die Regeln der Luxemburger Börse es zulassen, kann die Emittentin eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

§ 14
ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht*. Die Schuldverschreibungen einschließlich die Rechte und Pflichten der Gläubiger und der Emittentin unterliegen in jeder Hinsicht deutschem Recht.

(2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Gläubiger können ihre Ansprüche jedoch auch vor anderen zuständigen Gerichten geltend machen. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Schuldverschreibungen. Die Emittentin unterwirft sich hiermit der Gerichtsbarkeit der nach diesem Absatz zuständigen Gerichte.

Das Amtsgericht Frankfurt am Main ist gemäß § 9 Abs. 3 SchVG zuständig für alle Verfahren nach §§ 9 Abs. 2, 13 Abs. 3 und 18 Abs. 2 SchVG und das Landgericht Frankfurt am Main ist gemäß § 20 Abs. 3 SchVG ausschließlich zuständig für Klagen im Zusammenhang mit der Anfechtung von Beschlüssen der Gläubiger.

(3) *Bestellung von Zustellungsbevollmächtigten.* Für etwaige Rechtsstreitigkeiten vor deutschen Gerichten bestellt die Emittentin die Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Deutschland, zu ihrer Zustellungsbevollmächtigten in Deutschland.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 15
SPRACHE

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

9. EMISSIONSBEDINGUNGEN DER STERLING-SCHULDVERSCHREIBUNGEN (DEUTSCHE FASSUNG)

Für die Zwecke dieses Abschnitts 9 (Emissionsbedingungen der Sterling-Schuldverschreibungen) gilt, dass bei Widersprüchen oder Abweichungen zwischen Definitionen, die in diesem Abschnitt 9 (Emissionsbedingungen der Sterling-Schuldverschreibungen) und solchen, die in anderen Abschnitten dieses Prospekts definiert sind, sämtliche Begriffe und Wendungen die in diesem Abschnitt 9 (Emissionsbedingungen der Sterling-Schuldverschreibungen) vorgesehene Bedeutung haben.

§ 1
WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

(1) *Währung; Stückelung*. Diese Serie der Schuldverschreibungen (die "**Schuldverschreibungen**") der Volkswagen International Finance N.V. (die "**Emittentin**") wird in Pfund Sterling (die "**festgelegte Währung**") im Gesamtnennbetrag (vorbehaltlich § 1 Absatz (6)) von GBP 350.000.000 (in Worten: Pfund Sterling dreihundertfünfzig Millionen) im Falle der 2026 Schuldverschreibungen und GBP 450.000.000 (in Worten: Pfund Sterling vierhundertfünfzig Millionen) im Falle der 2031 Schuldverschreibungen, jeweils mit einer Stückelung von GBP 100.000 (die "**festgelegte Stückelung**") begeben.

(2) *Form*. Die Schuldverschreibungen lauten auf den Inhaber und sind durch eine oder mehrere Globalurkunden verbrieft (jeweils eine "**Globalurkunde**").

(3) *Vorläufige Globalurkunde – Austausch*.

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von dem Fiscal Agent oder in dessen Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Begebung der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen liegt. Der Austauschtag darf nicht weniger als 40 Tage nach dem Tag der Begebung liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U. S.-Personen (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten) sind. Zinszahlungen auf durch eine vorläufige Globalurkunde verbriefte Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 Absatz (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 6 Absatz (2) definiert) geliefert werden.

(4) *Clearing System*. Die Globalurkunde, die die Schuldverschreibungen verbrieft, wird von einem oder für ein Clearing System verwahrt. "Clearing System" bedeutet jeweils folgendes: Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**CBL**") und Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**") (CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**") sowie jeder Funktionsnachfolger.

Die Schuldverschreibungen werden in Form einer New Global Note ("**NGN**") ausgegeben und von einem common safekeeper im Namen beider ICSDs verwahrt.

(5) *Gläubiger von Schuldverschreibungen*. "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Schuldverschreibungen.

(6) *Register der ICSDs*. Der Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Nennbetrages der durch die Globalurkunde verbrieften Schuldverschreibungen, und ein zu diesen Zwecken von einem ICSD jeweils ausgestellte Bescheinigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist maßgebliche Bestätigung des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Tilgung oder Zahlung einer Rückzahlungsrate oder einer Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, Zahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass, nach dieser Eintragung, vom Nennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs pro rata in die Register der ICSDs aufgenommen werden.

§ 2
STATUS, NEGATIVVERPFLICHTUNG UND GARANTIE

(1) *Status*. Die Schuldverschreibungen begründen direkte, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Negativverpflichtung*. Die Emittentin verpflichtet sich solange eine Schuldverschreibung noch aussteht (aber nur bis zu dem Zeitpunkt, in dem alle Beträge von Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind), ihr Vermögen nicht mit Sicherungsrechten zur Besicherung von anderen Schuldverschreibungen, einschließlich von Garantien und Bürgschaften, zu belasten oder solche Rechte zu diesem Zweck bestehen zu lassen, ohne gleichzeitig die Gläubiger an derselben Sicherheit in gleicher Weise und anteilmäßig teilnehmen zu lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Emittentin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed securities*, die von einer Zweckgesellschaft begeben werden, und bei denen die Emittentin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist.

(3) *Garantie*. Volkswagen Aktiengesellschaft (die "**Garantin**") hat eine unbedingte und unwiderrufliche Garantie (die "**Garantie**") für die pünktliche Zahlung von Kapital und Zinsen übernommen. Darüber hinaus hat sich die Garantin in dieser Garantie verpflichtet (die "**Verpflichtungserklärung**") solange eine Schuldverschreibung noch aussteht (aber nur bis zu dem Zeitpunkt, in dem alle Beträge von Kapital und Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind), für andere Anleihen, einschließlich dafür übernommener Garantien und Gewährleistungen, keine Sicherheiten an ihrem Vermögen zu bestellen, ohne gleichzeitig und im gleichen Rang die Gläubiger der Schuldverschreibungen an solchen Sicherheiten teilnehmen zu lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Garantin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed*

securities, die von einer Zweckgesellschaft begeben werden, und bei denen die Garantin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist.

Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Anleihe**" eine Emission von Schuldverschreibungen, die an einer Wertpapierbörse, im Freiverkehr oder einem anderen Wertpapiermarkt notiert, eingeführt oder gehandelt werden oder notiert, eingeführt oder gehandelt werden sollen oder können.

Die Garantie und Negativverpflichtung stellt einen Vertrag zu Gunsten eines jeden Gläubigers als begünstigtem Dritten gemäß § 328 Abs. 1 des Bürgerlichen Gesetzbuchs ("**BGB**") dar, welcher das Recht eines jeden Gläubigers begründet, Erfüllung aus der Garantie und der Negativverpflichtung unmittelbar von der Garantin zu verlangen und die Garantie und die Negativverpflichtung unmittelbar gegenüber der Garantin durchzusetzen. Kopien der Garantie und der Negativverpflichtung können kostenlos am Sitz der Garantin und bei der bezeichneten Geschäftsstelle des Fiscal Agent gemäß § 6 bezogen werden.

§ 3
ZINSEN

(1) *Zinssatz und Zinszahlungstage*. Die 2026 Schuldverschreibungen und die 2031 Schuldverschreibungen werden bezogen auf ihre festgelegte Stückelung verzinst, und zwar vom 16. November 2018 (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 Absatz (1) definiert) (ausschließlich) mit jährlich 3,375 % im Falle der 2026 Schuldverschreibungen und mit jährlich 4,125 % im Falle der 2031 Schuldverschreibungen. Die Zinsen sind im Falle der 2026 Schuldveschreibungen am 16. November eine jeden Jahres zahlbar und im Falle der 2031 Schuldverschreibungen nachträglich am 17. November eines jeden Jahres zahlbar (jeweils ein "**Zinszahlungstag**"). Im Falle der 2026 Schuldveschreibungen erfolgt die erste Zinszahlung am 16. November 2019. Im Falle der 2031 Schuldverschreibungen erfolgt die erste Zinszahlung am 17. November 2019 (Erster langer Kupon) und beläuft sich auf GBP 4.136,31 je festgelegte Stückelung.

(2) *Auflaufende Zinsen*. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung der Schuldverschreibungen nicht mit Ablauf des Tages, der dem Tag der Fälligkeit vorangeht, sondern erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Die Verzinsung des ausstehenden Nennbetrages vom Tag der Fälligkeit an (einschließlich) bis zum Tag der Rückzahlung der Schuldverschreibungen (ausschließlich) erfolgt in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.[(1)]

(3) *Berechnung der Zinsen für Teile von Zeiträumen*. Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient*. "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung von Zinsbeträgen für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**") die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, dividiert durch die tatsächliche Anzahl von Tagen im jeweiligen Zinsjahr.

§ 4
ZAHLUNGEN

(1) (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

[(1)] Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 BGB.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz (3)(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in GBP.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag, der ein Tag ist, an dem (a) das Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) system ("**TARGET**") betriebsbereit ist und (b) Geschäftsbanken und Devisenmärkte in London Zahlungen leisten und für den allgemeinen Geschäftsverkehr (inklusive Devisengeschäfte und Fremdwährungseinlagen) betriebsbereit sind.

(5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen; sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge einschließen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 5
RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag im Falle der 2026 Schuldverschreibungen am 16. November 2026 und im Falle der 2031 Schuldverschreibungen am 17. November 2031 (jeweils ein "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht dem Nennbetrag der Schuldverschreibungen.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber dem Fiscal Agent und gemäß § 13 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin oder die Garantin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften in Deutschland oder der Niederlande oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an

dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 Absatz (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Emissionsbedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger, der Emittentin oder der Garantin zur Verfügung stehender Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin oder die Garantin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr wirksam ist.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(3) *Vorzeitiger Rückzahlungsbetrag.* Für die Zwecke des § 9 und des Absatzes (2) dieses § 5, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

§ 6
DER FISCAL AGENT UND DIE ZAHLSTELLEN

(1) *Bestellung; bezeichnete Geschäftsstelle.* Der anfänglich bestellte Fiscal Agent und die anfänglich bestellte Zahlstelle und deren bezeichnete Geschäftsstellen lauten wie folgt:

Fiscal Agent und Zahlstelle:	Citibank, N.A. Citigroup Centre Canary Wharf London E14 5LB Vereinigtes Königreich
Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch 60 avenue J.F. Kennedy L-1855 Luxembourg Großherzogtum Luxemburg

Der Fiscal Agent behält sich das Recht vor, jederzeit seine bezeichneten Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung des Fiscal Agent oder der Zahlstelle zu ändern oder zu beenden und einen anderen Fiscal Agent oder zusätzliche Zahlstellen zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) einen Fiscal Agent unterhalten und (ii) solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, eine Zahlstelle (die der Fiscal Agent sein kann) mit bezeichneter Geschäftsstelle in Luxemburg und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U. S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(3) *Erfüllungsgehilfe(n) der Emittentin.* Der Fiscal Agent handelt ausschließlich als Erfüllungsgehilfe der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihm und den Gläubigern begründet.

§ 7
STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in den Niederlanden oder Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde von oder in den Niederlanden oder Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

(a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu den Niederlanden oder Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen, welche an eine natürliche Person oder an bestimmte juristische Personen, die als sonstige Einrichtungen (residual entities) bezeichnet werden ausgeschüttet werden oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Niederlande oder Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, oder (iv) des Gesetzes vom 23. Dezember 2005, in seiner geänderten Fassung, bezüglich natürlicher Personen, die in Luxemburg ansässig sind, abzuziehen oder einzubehalten sind oder

(d) aufgrund einer Rechtsänderung zahlbar sind, die später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 13 wirksam wird; oder

(e) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können.

Unbeschadet gegenteiliger Bestimmungen in diesen Emissionsbedingungen ist es der Emittentin, der Garantin und jeder Zahlstelle gestattet, Beträge einzubehalten oder abzuziehen, die aufgrund jedweder Steuer, die gemäß der Abschnitte 1471 bis 1474 des U.S. Internal Revenue Codes von 1986 in ihrer jeweils geltenden Fassung und den hierunter verkündeten Verordnungen, gemäß einem zwischenstaatlichen Vertrag oder Gesetzen oder Verordnungen anderer Staaten, die im Hinblick hierauf erlassen wurden oder nach jeder Vereinbarung mit dem U.S. Internal Revenue Service erhoben werden und auf die Schuldverschreibungen zahlbar sind. Weiterhin sind sie nicht verpflichtet, zusätzliche Beträge im Hinblick auf solche Steuern zu zahlen.

§ 8
VORLEGUNGSFRIST

Die in § 801 Abs. 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 9
KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen ganz oder teilweise durch Kündigung gegenüber dem Fiscal Agent fällig zu stellen und Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

(a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt; oder

(b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen oder die Garantin die Erfüllung einer Verpflichtung aus der Garantie, auf die in § 2 Bezug genommen wird, unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 90 Tage fortdauert, nachdem der Fiscal Agent hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder

(c) die Emittentin oder die Garantin ihre Zahlungsunfähigkeit bekanntgibt; oder

(d) ein Gericht ein Konkurs- oder anderes Insolvenzverfahren gegen die Emittentin oder die Garantin eröffnet, oder ein Verfahren eröffnet wird, welches nicht innerhalb von 60 Tagen beendet oder eingestellt wird oder die Emittentin oder die Garantin ein solches Verfahren einleitet oder beantragt oder die Emittentin ein *"surseance van betaling"* (im Sinne des niederländischen Insolvenzrechts) beantragt; oder

(e) die Emittentin oder die Garantin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin oder die Garantin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist; oder

(f) die Garantie, gleich aus welchem Grund, nicht mehr in vollem Umfang rechtswirksam ist.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Quorum.* Im Falle von Absatz (1) (b) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in Absatz (1)(a) und (1)(c) bis (1)(e) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei dem Fiscal Agent Kündigungserklärungen von Gläubigern von Schuldverschreibungen im Gesamtnennbetrag von mindestens $^{1}/_{10}$ der dann ausstehenden Schuldverschreibungen eingegangen sind.

(3) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz (1) ist in Textform in deutscher oder englischer Sprache gegenüber dem Fiscal Agent zu erklären. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § 14 Absatz (3) definiert) oder auf andere geeignete Weise erbracht werden.

§ 10
ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger entweder die Garantin oder eine Tochtergesellschaft (wie nachstehend definiert) der Garantin an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, sofern:

(a) die Nachfolgeschuldnerin in der Lage ist, sämtliche sich aus oder im Zusammenhang mit diesen Schuldverschreibungen ergebenen Zahlungsverpflichtungen ohne die Notwendigkeit eines Einbehalts von irgendwelchen Steuern oder Abgaben an der Quelle zu erfüllen sowie die hierzu erforderlichen Beträge ohne Beschränkungen an den Fiscal Agent übertragen können;

(b) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin aus oder im Zusammenhang mit diesen Schuldverschreibungen übernimmt;

(c) die Nachfolgeschuldnerin sich verpflichtet, jedem Gläubiger alle Steuern, Gebühren oder Abgaben zu erstatten, die ihm in Folge der Ersetzung durch die Nachfolgeschuldnerin auferlegt werden;

(d) sichergestellt ist, dass sich die Verpflichtungen der Garantin aus der Garantie auch auf die Schuldverschreibungen der Nachfolgeschuldnerin erstrecken;

(e) dem Fiscal Agent jeweils eine Bestätigung bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt wird, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden; und

(f) es sich bei der Nachfolgeschuldnerin nicht um die VW Credit, Inc. oder Volkswagen Group of America Finance, LLC handelt.

Im Sinne dieser Emissionsbedingungen bedeutet "**Tochtergesellschaft**" eine Kapital- oder Personengesellschaft, an der die Volkswagen Aktiengesellschaft direkt oder indirekt insgesamt mehr als 90 % des Kapitals jeder Klasse oder der Stimmrechte hält.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 13 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Fall einer Ersetzung folgendes:

In § 7 und § 5 Absatz (2) gilt eine alternative Bezugnahme auf die Niederlande als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat).

§ 11
BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei dem Fiscal Agent zwecks Entwertung eingereicht werden. Sofern diese Käufe durch ein öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 12
ÄNDERUNG DER EMISSIONSBEDINGUNGEN, GEMEINSAMER VERTRETER, ÄNDERUNG DER GARANTIE

(1) *Änderung der Emissionsbedingungen*. Die Emittentin kann mit den Gläubigern Änderungen der Emissionsbedingungen oder sonstige Maßnahmen durch Mehrheitsbeschluss der Gläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweils geltenden Fassung beschließen. Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Emissionsbedingungen, einschließlich der in § 5 Abs. 3 SchVG vorgesehenen Maßnahmen durch Beschlüsse mit den in dem nachstehenden § 12(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger gleichermaßen verbindlich.

(2) *Mehrheit*. Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Emissionsbedingungen, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, geändert wird, oder sonstige wesentliche Maßnahmen beschlossen werden bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**").

(3) *Beschlussfassung*. Die Gläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG fassen.

(4) *Gläubigerversammlung*. Falls Beschlüsse der Gläubiger in einer Gläubigerversammlung gefasst werden, enthält die Bekanntmachung der Einberufung nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Bekanntmachung der Einberufung bekannt gemacht. Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(5) *Abstimmung ohne Versammlung*. Falls Beschlüsse der Gläubiger im Wege einer Abstimmung ohne Versammlung gefasst werden, enthält die Aufforderung zur Stimmabgabe nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Aufforderung zur Stimmabgabe bekannt gemacht. Die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Aufforderung zur Stimmabgabe mitgeteilten Adresse spätestens am dritten Tag vor Beginn des Abstimmungszeitraums zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

(6) *Zweite Versammlung*. Wird für die Gläubigerversammlung gemäß § 12(4) oder die Abstimmung ohne Versammlung gemäß § 12(5) die mangelnde Beschlussfähigkeit festgestellt, kann -im Fall der Gläubigerversammlung -der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und - im Fall der Abstimmung ohne Versammlung -der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der zweiten Versammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur

Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 14(4) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(7) *Gemeinsamer Vertreter*. Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der "**Gemeinsame Vertreter**"), die Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters bestimmen. Die Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt werden soll, Änderungen des wesentlichen Inhalts der Emissionsbedingungen oder sonstigen wesentlichen Maßnahmen gemäß § 12(2) zuzustimmen.

(8) Veröffentlichung. Bekanntmachungen betreffend diesen § 12 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

(9) Änderung der Garantie. Die oben aufgeführten auf die Schuldverschreibungen anwendbaren Bestimmungen gelten entsprechend für die Bestimmungen der Garantie der Volkswagen Aktiengesellschaft und jeder Garantie gemäß § 10(1)(d).

§ 13
MITTEILUNGEN

(1) *Bekanntmachung*. Alle die Schuldverschreibungen betreffenden Mitteilungen sind durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu) zu veröffentlichen. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am dritten Tag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System*. Solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, findet Absatz (1) Anwendung. Soweit dies Mitteilungen über den Zinssatz betrifft oder die Regeln der Luxemburger Börse es zulassen, kann die Emittentin eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

§ 14
ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht*. Die Schuldverschreibungen einschließlich die Rechte und Pflichten der Gläubiger und der Emittentin unterliegen in jeder Hinsicht deutschem Recht.

(2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Gläubiger können ihre Ansprüche jedoch auch vor anderen zuständigen Gerichten geltend machen. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Schuldverschreibungen. Die Emittentin unterwirft sich hiermit der Gerichtsbarkeit der nach diesem Absatz zuständigen Gerichte.

Das Amtsgericht Frankfurt am Main ist gemäß § 9 Abs. 3 SchVG zuständig für alle Verfahren nach §§ 9 Abs. 2, 13 Abs. 3 und 18 Abs. 2 SchVG und das Landgericht Frankfurt am Main ist gemäß § 20 Abs. 3 SchVG ausschließlich zuständig für Klagen im Zusammenhang mit der Anfechtung von Beschlüssen der Gläubiger.

(3) *Bestellung von Zustellungsbevollmächtigten.* Für etwaige Rechtsstreitigkeiten vor deutschen Gerichten bestellt die Emittentin die Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Deutschland, zu ihrer Zustellungsbevollmächtigten in Deutschland.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 15
SPRACHE

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

10. GUARANTEE AND NEGATIVE PLEDGE

Guarantee and Negative Pledge
by
VOLKSWAGEN AKTIENGESELLSCHAFT,
Wolfsburg, Germany,
(the "**Guarantor**")
in favour of the holders of the
EUR 1,250,000,000 floating rate notes due 2024 (the "**2024 Notes**"), the
EUR 750,000,000 2.625 per cent. notes due 2027 (the "**2027 Notes**"), the
EUR 1,000,000,000 3.250 per cent. notes due 2030 (the "**2030 Notes**"), the
EUR 1,250,000,000 4.125 per cent. notes due 2038 (the "**2038 Notes**"), the
GBP 350,000,000 3.375 per cent. notes due 2026 (the "**2026 Notes**")
and the
GBP 450,000,000 4.125 per cent. notes due 2031 (the "**2031 Notes**" and together with the 2024 Notes, the 2027 Notes, the 2030 Notes, the 2038 Notes and the 2026 Notes, the "**Notes**")
issued by
Volkswagen International Finance N.V.,
Amsterdam, The Netherlands (the "**Issuer**")

The Guarantor hereby unconditionally and irrevocably guarantees to the holder of each Note (each, a "**Holder**") the due payment of the amounts corresponding to the principal of and interest, if any, on the respective Notes in accordance with the respective terms applicable to such Notes.

The intent and purpose of this Guarantee and Negative Pledge (the "**Guarantee**") is to ensure that the Holders under all circumstances, whether factual or legal, and regardless of the validity and enforceability of the obligations of the Issuer or any company that may have been substituted for the same, pursuant to Condition 10 of the Conditions of Issue of the Notes may fail to effect payment, shall receive the amounts payable as principal and interest on the dates provided for in the Conditions of Issue of the Notes.

The Guarantor expressly guarantees the payment of principal of, and interest on, the Notes.

The payment obligations of the Guarantor under this Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank pari passu with all other unsecured and unsubordinated obligations of the Guarantor, present and future.

The Guarantor further undertakes, as long as Notes are outstanding, but only up to the time all amounts of principal and interest, if any, have been placed at the disposal of the Fiscal Agent, not to provide for any other Bond Issue, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by the Guarantor, or by a special purpose vehicle where the Guarantor is the originator of the underlying assets. For the purposes of this Guarantee and Negative Pledge, "**Bond Issue**" shall mean an issue of debt securities which is, or is intended to be, or is capable of being, quoted, listed or dealt in on any stock exchange, over-the counter or other securities market.

The obligations of the Guarantor under this Guarantee and Negative Pledge shall, without any further act or thing being required to be done or to occur, extend to the obligations of any Substitute Debtor which is not the Guarantor arising in respect of any Note by virtue of a substitution pursuant to the Conditions of Issue.

This Guarantee and all undertakings contained herein constitute a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to § 328 (1) of the German Civil Code (*Bürgerliches Gesetzbuch*)[1]. They give rise to the right of each such Holder to require

[1] An English language translation of § 328 (1) German Civil Code would read as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance."

performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor.

Any Holder has the right in case of non-performance of any payments on the Notes to enforce the Guarantee by filing a suit directly against the Guarantor without the need to take prior proceedings against the relevant Issuer.

Citibank, N.A., which accepted this Guarantee in its capacity as Fiscal Agent does not act in a relationship of agency or trust, a fiduciary or in any other similar capacity for the Holders.

Terms used in this Guarantee and not otherwise defined herein shall have the meaning attributed to them in the Conditions of Issue.

The provisions regarding the Amendment of the Conditions of Issue and the Holder`s Representative as set forth in § 12 of the Conditions shall be applicable *mutatis mutandis* also to this Guarantee. Should the Conditions of Issue of the Notes be amended by an agreement based on § 12 of the Conditions of Issue between the Holders and the Issuer this Guarantee shall also apply to payments due under the amended Conditions of Issue.

The rights and obligations arising from this Guarantee and Negative Pledge shall in all respects be determined in accordance with German law. Place of performance shall be Frankfurt am Main.

This Guarantee is written in the German language and attached hereto is a non-binding English translation.

The original version of this Guarantee shall be delivered to, and kept by, Citibank, N.A.

Exclusive place of jurisdiction for all legal proceedings arising out of or in connection with this Guarantee against the Guarantor shall be Frankfurt am Main.

On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of Citibank, N.A., each Holder may protect and enforce in his own name his rights arising under this Guarantee in any legal proceedings against the Guarantor or to which such Holder and the Guarantor are parties, without the need for production of the original version of this Guarantee in such proceedings.

Wolfsburg, 2018

VOLKSWAGEN AKTIENGESELLSCHAFT

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Dr. Jörg Boche Alfred Ströhlein

We accept the terms of the above Guarantee and Negative Pledge without recourse, warranty or liability.

London, 2018

CITIBANK, N.A.

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11. GARANTIE UND NEGATIVVERPFLICHTUNG

Garantie und Negativverpflichtung
der
VOLKSWAGEN AKTIENGESELLSCHAFT,
Wolfsburg, Deutschland,
(die "**Garantin**")
zugunsten der Anleihegläubiger der
EUR 1.250.000.000 variabel verzinslichen Schuldverschreibungen fällig 2024
(die "**2024 Schuldverschreibungen**"), der
EUR 750.000.000 2,625 % Schuldverschreibungen fällig 2027
(die "**2027 Schuldverschreibungen**"), der
EUR 1.000.000.000 3,250 % Schuldverschreibungen fällig 2030
(die "**2030 Schuldverschreibungen**"), der
EUR 1.250.000.000 4,125 % Schuldverschreibungen fällig 2038
(die "**2038 Schuldverschreibungen**"), der
GBP 350.000.000 3,375 % Schuldverschreibungen fällig 2026
(die "**2026 Schuldverschreibungen**"), und der
GBP 450.000.000 4,125 % Schuldverschreibungen fällig 2031
(die "**2031 Schuldverschreibungen**"
und zusammen mit den 2024 Schuldverschreibungen, den 2027 Schuldverschreibungen, den 2030 Schuldverschreibungen
den 2038 Schuldverschreibungen und den 2026 Schuldverschreibungen,
die "**Schuldverschreibungen**")
begeben von
Volkswagen International Finance N.V.,
Amsterdam, Niederlande (die "**Emittentin**")

Die Garantin gewährleistet hiermit den Gläubigern der Schuldverschreibungen (die "**Gläubiger**") unwiderruflich und unbedingt die ordnungsgemäße Zahlung der Beträge, die Kapital und etwaigen Zinsen der Schuldverschreibungen entsprechen, nach Maßgabe der für die Schuldverschreibungen jeweils geltenden Emissionsbedingungen.

Sinn und Zweck dieser Garantie und Negativverpflichtung (die "**Garantie**") ist es sicherzustellen, dass die Gläubiger unter allen tatsächlichen oder rechtlichen Umständen und ungeachtet der Wirksamkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin oder der gemäß § 10 der für die Schuldverschreibungen geltenden Emissionsbedingungen an ihre Stelle getretenen Gesellschaft unterbleiben mag, die als Kapital und etwaige Zinsen zahlbaren Beträge zu den in den für die Schuldverschreibungen geltenden Emissionsbedingungen vorgesehenen Terminen erhalten.

Die Garantin gewährleistet ausdrücklich die Zahlung von Kapital und etwaigen Zinsen der Schuldverschreibungen.

Die Zahlungsverpflichtungen der Garantin aus dieser Garantie stehen, gesetzlich vorgeschriebene Ausnahmen ausgenommen, mit allen gegenwärtigen oder zukünftigen nicht besicherten nicht nachrangigen Verpflichtungen der Garantin zu jeder Zeit im Rang gleich.

Die Garantin verpflichtet sich ferner, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und etwaigen Zinsen dem Fiscal Agent zur Verfügung gestellt worden sind, für andere Anleihen, einschließlich dafür übernommener Garantien und Gewährleistungen, keine Sicherheiten an ihrem Vermögen zu bestellen, ohne gleichzeitig und im gleichen Rang die Gläubiger an solchen Sicherheiten teilnehmen zu lassen. Um etwaige Zweifel zu vermeiden, diese Verpflichtung gilt nicht in Bezug auf Sicherheiten, die in Zusammenhang mit von der Garantin begebenen *asset-backed-securities* (strukturierte Wertpapiere, die mit Vermögenswerten besichert sind) gestellt werden oder für *asset-backed-securities*, die von einer Zweckgesellschaft begeben werden, und bei denen die Garantin die ursprüngliche Inhaberin der zugrunde liegenden Vermögenswerte ist. Im Sinne dieser Garantie bedeutet "**Anleihe**" eine Emission von Schuldverschreibungen, die an einer Wertpapierbörse, im Freiverkehr oder einem anderen Wertpapiermarkt notiert, eingeführt oder gehandelt werden oder notiert, eingeführt oder gehandelt werden sollen oder können.

Die Verpflichtungen der Garantin aus dieser Garantie erstrecken sich, ohne dass eine weitere Handlung durchgeführt werden oder ein weiterer Umstand entstehen muss, auf solche Verpflichtungen jeglicher nicht mit der Garantin identischen neuen Emittentin, die infolge einer Schuldnerersetzung gemäß den anwendbaren Bestimmungen der Emissionsbedingungen in Bezug auf jedwede Schuldverschreibung entstehen.

Diese Garantie und alle hierin enthaltenen Vereinbarungen sind ein Vertrag zu Gunsten der Gläubiger der Schuldverschreibungen als begünstigte Dritte gemäß § 328 Abs. 1 BGB und begründen das Recht eines jeden Gläubigers, die Erfüllung der hierin eingegangenen Verpflichtungen unmittelbar von der Garantin zu fordern und diese Verpflichtungen unmittelbar gegenüber der Garantin durchzusetzen.

Ein Gläubiger einer Schuldverschreibung kann im Falle der Nichterfüllung von Zahlungen auf die Schuldverschreibungen zur Durchsetzung dieser Garantie unmittelbar gegen die Garantin Klage erheben, ohne dass zunächst ein Verfahren gegen die Emittentin eingeleitet werden müsste.

Die Citibank, N.A., mit der die hierin enthaltenen Vereinbarungen getroffen werden, handelt als Fiscal Agent nicht als Beauftragte, Treuhänderin oder in einer ähnlichen Eigenschaft für die Gläubiger von Schuldverschreibungen.

Die hierin verwendeten und nicht anders definierten Begriffe haben die ihnen in den Emissionsbedingungen zugewiesene Bedeutung.

Die Bestimmungen über die Änderung der Emissionsbedingungen und den Gemeinsamen Vertreter gemäß § 12 der Emissionsbedingungen gelten sinngemäß auch für diese Garantie. Sollten die Emissionsbedingungen der Schuldverschreibungen durch Vereinbarung zwischen den Gläubigern und der Emittentin gemäß § 12 der Emissionsbedingungen geändert werden, gilt diese Garantie auch für die Zahlung aller gemäß der geänderten Emissionsbedingungen zahlbaren Beträge.

Die Rechte und Pflichten aus dieser Garantie bestimmen sich in jeder Hinsicht nach deutschem Recht. Erfüllungsort ist Frankfurt am Main.

Diese Garantie ist in deutscher Sprache abgefasst und in die englische Sprache übersetzt. Die deutschsprachige Fassung ist verbindlich und allein maßgeblich.

Das Original dieser Garantie wird der Citibank, N.A., ausgehändigt und von dieser verwahrt.

Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten gegen die Garantin aus oder im Zusammenhang mit dieser Garantie ist Frankfurt am Main.

Jeder Gläubiger der Schuldverschreibungen kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine aus dieser Garantie hervorgehenden Rechte auf der Grundlage einer von einer vertretungsberechtigten Person der Citibank, N.A., beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.

Wolfsburg, 2018

VOLKSWAGEN AKTIENGESELLSCHAFT

_____	_____
Dr. Jörg Boche	Alfred Ströhlein

Wir akzeptieren die Bestimmungen der vorstehenden Garantie ohne Obligo, Gewährleistung oder Rückgriff auf uns.

London, 2018

CITIBANK, N.A.

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12. DESCRIPTION OF RULES REGARDING RESOLUTIONS OF HOLDERS

The Terms and Conditions pertaining to the Notes provide that the Holders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed by taking votes without a meeting. Any such resolution duly adopted by resolution of the Holders shall be binding on each Holder of the Notes, irrespective of whether such Holder took part in the vote and whether such Holder voted in favour or against such resolution.

In addition to the provisions included in the Terms and Conditions of the Notes, the rules regarding resolutions of Holders are substantially set out in a Schedule to the Fiscal Agency Agreement in the German language together with an English translation. If the Notes are for their life represented by Global Notes, the rules pertaining to resolutions of Holders are incorporated by reference into the Terms and Conditions of the Notes in the form of such Schedule to the Fiscal Agency Agreement. Under the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – "**SchVG**"), these rules are largely mandatory, although they permit in limited circumstances supplementary provisions set out in or incorporated into the Terms and Conditions.

The following is a brief summary of some of the statutory rules regarding the taking of votes without meetings and the convening and conduct of meetings of Holders, the passing and publication of resolutions as well as their implementation and challenge before German courts.

12.1 Specific Rules regarding Votes without Meeting

The voting shall be conducted by the person presiding over the taking of votes. Such person shall be (i) a notary public appointed by the Issuer, (ii) where a common representative of the Holders (the "**Holders' Representative**") has been appointed, the Holders' Representative if the vote was solicited by the Holders' Representative, or (iii) a person appointed by the competent court.

The notice soliciting the Holders' votes shall set out the period within which votes may be cast. During such voting period, the Holders may cast their votes to the person presiding over the taking of votes. Such notice shall also set out in detail the conditions to be met for the votes to be valid.

The person presiding over the taking of votes shall ascertain each Holder's entitlement to cast a vote based on evidence provided by such Holder and shall prepare a list of the Holders entitled to vote. If it is established that no quorum exists, the person presiding over the taking of votes may convene a meeting of the Holders. Within one year following the end of the voting period, each Holder participating in the vote may request a copy of the minutes of such vote and any annexes thereto from the Issuer.

Each Holder participating in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the person presiding over the taking of votes. If he remedies the objection, the person presiding over the taking of votes shall promptly publish the result. If the person presiding over the taking of votes does not remedy the objection, he shall promptly inform the objecting Holder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened a meeting, also the costs of such proceedings.

12.2 Rules regarding Holders' Meetings applicable to Votes without Meeting

In addition, the statutory rules applicable to the convening and conduct of Holders' meetings will apply mutatis mutandis to any vote without a meeting. The following summarises some of such rules.

Meetings of Holders may be convened by the Issuer or the Holders' Representative, if any. Meetings of Holders must be convened if one or more Holders holding five per cent. or more of the outstanding Notes so require for specified reasons permitted by statute.

Meetings may be convened not less than 14 days prior to the date of the meeting. Attendance and exercise of voting rights at the meeting may be made subject to prior registration of Holders. The convening notice will provide what proof will be required for attendance and voting at the

meeting. The place of the meeting in respect of a German issuer is the place of the issuer's registered office, provided, however, that where the relevant Notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice shall be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Holder may be represented by proxy. A quorum exists if Holders' representing by value not less than 50 per cent. of the outstanding Notes. If the quorum is not reached, a second meeting may be called at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25 per cent. of the aggregate principal amount of outstanding Notes.

All resolutions adopted must be properly published. In the case of Notes represented by one or more Global Notes, resolutions which amend or supplement the Terms and Conditions have to be implemented by supplementing or amending the relevant Global Note(s).

In insolvency proceedings instituted in Germany against an Issuer, a Holders' Representative, if appointed, is obliged and exclusively entitled to assert the Holders' rights under the Notes. Any resolutions passed by the Holders are subject to the provisions of the Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the Terms and Conditions, Holders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

13. USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used for general corporate purposes of the Volkswagen Group.

14. TAXATION

The following is a general discussion of certain German, Dutch and Luxembourg tax consequences of the acquisition and ownership of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. The following section only provides some very general information on the possible tax treatment of the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany, The Netherlands and the Grand Duchy of Luxembourg currently in force and as applied on the date of this Prospectus. These laws are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY, THE NETHERLANDS AND THE GRAND DUCHY OF LUXEMBOURG AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

14.1 Taxation in Germany

14.1.1 *Income Taxation – Tax Residents*

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

14.1.1.1 *Taxation if the Notes are held as private assets (Privatvermögen)*

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

The Notes qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Notes qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realized upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. If similar Notes kept or administered in the same custodial account have been acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If interest claims are disposed of separately (i.e. without the Notes), the proceeds from the sale are subject to taxation. The same applies to proceeds from the payment of interest claims if the Notes have been disposed of separately. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward to subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 18 January 2016, as amended from time to time, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss

or waiver shall not be tax-deductible. The same shall apply where, based on an agreement with the depositary institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. With respect to a bad debt loss, the German Federal Fiscal Court (*Bundesfinanzhof*) has recently objected the view expressed by the Federal Ministry of Finance. However, the Federal Ministry of Finance has not yet updated the aforementioned tax decree in this respect.

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the new debtor. Such a substitution could result in the recognition of a taxable gain or loss for the respective investors.

14.1.1.2 ***German withholding tax (Kapitalertragsteuer)***

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are kept or administrated in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the custodial account has changed since the time of acquisition of the Notes (for example, if the Notes had been transferred from a non-EU custodial account prior to the sale) and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law, withholding tax is applied to 30% of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

German withholding tax will be levied by a German Disbursing Agent at a flat withholding tax rate of 26.375% (including solidarity surcharge) plus, if applicable, church tax. Church tax, if applicable, will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In the latter case, the investor has to include the savings income in the tax return and will then be assessed to church tax.

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is € 801 (€ 1,602 in the case of jointly assessed spouses or registered life partners). Similarly, no withholding tax will be levied if the investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

The Issuer is not obliged to levy German withholding tax in respect of payments on the Notes.

The taxation of savings income shall take place mainly by way of levying withholding tax (please see above). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. If the investor is subject to church tax and has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), the investor is also obliged to include the savings income in the tax return for church tax purposes.

However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375% - including solidarity surcharge

(*Solidaritätszuschlag*) plus, if applicable, church tax). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed husband and wife or registered life partners the application can only be filed for savings income of both spouses / life partners.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners) will be deducted. The deduction of the actual income related expenses, if any, is excluded. That holds true even if the investor applies to be assessed on the basis of its personal tax rate.

14.1.1.3 *Taxation if the Notes are held as business assets (Betriebsvermögen)*

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15% or income tax at a rate of up to 45%, as the case may be, (in each case plus 5.5% solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Business expenses that are connected with the Notes are deductible.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a corporation or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

14.1.1.4 *Potential* change in law

Please note that – pursuant to the coalition agreement of CDU, CSU and SPD – the flat tax regime shall be abolished for certain investment income, which might also affect the taxation of income from the Notes. For example, interest income might become taxed at the progressive tax rate of up to 45% (excluding solidarity surcharge). Further, the solidarity surcharge shall be abolished provided that certain thresholds are not exceeded. However, there is no draft law available yet, i.e. any details and, in particular, timing remain unclear.

14.1.2 *Income Taxation – Non-residents*

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see Tax Residents above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

14.1.3 *Inheritance and Gift Tax*

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed.

The few existing double taxation treaties regarding inheritance and gift tax may lead to different results. Special rules apply to certain German citizens that are living in a foreign country and German expatriates.

14.1.4 ***Other Taxes***

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany. It is intended to introduce a financial transaction tax. However, it is unclear if and in what form such tax will be actually introduced.

14.2 **Taxation in the Netherlands**

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary neither purports to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes, nor purports to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Notes, being an individual or a non-resident entity, neither has nor will have a substantial interest (aanmerkelijk belang) or – in the case of such holder being an entity – a deemed substantial interest in the Issuer and that no connected person (verbonden persoon) to the holder has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has or is deemed to have, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of Notes, an individual holding Notes or an entity holding Notes, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers as to the tax consequences of acquiring, holding and disposing of Notes.

14.2.1 *Withholding Tax*

All payments of principal and interest by the Issuer under the Notes can be made without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

14.2.2 *Taxes on Income and Capital Gains*

Residents

Resident Entities

An entity holding Notes which is or is deemed to be resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates (up to 25% in 2018).

Resident individuals

An individual holding Notes who is or is deemed to be resident in the Netherlands for Dutch income tax purposes will be subject to Dutch income tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates (up to 51.95% in 2018) if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, such individual will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Notes. For 2018, the deemed return ranges from 2.02% to 5.38% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Notes). The applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.

Non-residents

A holder of Notes which is not and is not deemed to be resident in the Netherlands for the relevant tax purposes will not be subject to Dutch taxation on income or a capital gain derived from the Notes unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the holder derives profits from such enterprise (other than by way of the holding of securities); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

14.2.3 ***Gift and Inheritance Taxes***

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

(i) the holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

14.2.4 ***Value Added Tax***

There is no Dutch value added tax payable by a holder of Notes in respect of payments in consideration for the issue or acquisition of Notes, payments of principal or interest under the Notes, or payments in consideration for a disposal of Notes.

14.2.5 ***Other Taxes and Duties***

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of the Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

14.2.6 ***Residence***

A holder of Notes will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Notes or the execution, performance, delivery and/or enforcement of Notes.

14.3 **Grand Duchy of Luxembourg ("Luxembourg")**

This summary is limited to the description of the potential application of the Luxembourg withholding tax to payments under the Notes. This discussion is for general information purposes only and does not purport to be a comprehensive description of all possible tax consequences that may be relevant to an investment decision. This summary is based upon Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Prospectus and is subject to any amendments in law (or interpretation) later introduced, whether or not on a retroactive basis potential purchasers of Notes should consult their own professional advisers as to the consequences of making an investment in, holding or disposing of the Notes and the receipt of any amount in connection with the Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to a solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

14.3.1 ***Withholding Tax***

14.3.1.1 ***Non-Residents***

There is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident noteholder. There is also no Luxembourg withholding tax, upon repayment of the principal or upon redemption or exchange of the Notes.

14.3.1.2 ***Residents***

Under the Luxembourg law dated 23 December 2005 as amended (the "**Law**"), a 20% Luxembourg withholding tax is levied on interest payments or similar income made by Luxembourg paying agents to Luxembourg individual residents. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his private wealth.

Further, pursuant to the Law, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area may also opt for a final 20% levy. In such case, the 20% levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 20% levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

14.3.2 ***Taxation of the holders of Notes***

14.3.2.1 ***Residence of the holders of Notes***

A holder of the Notes will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of such Notes or the execution, performance, delivery and/or enforcement of the Notes.

14.3.2.2 ***Income Tax***

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, a redemption and any other kind of transfer of the Notes.

(a) Non-Resident noteholder

A non-resident noteholder who has neither a permanent establishment nor a permanent representative in Luxembourg to which or to whom the Notes are attributable is not liable to any Luxembourg income tax, whether he receives payments of principal, payments of interest (including accrued but unpaid interest), payments received upon the redemption of the Notes, or realises capital gains on the disposal in any form whatsoever, of any Notes.

A non-resident noteholder who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable must include any interest accrued or received, as well as any gain realised on the disposal of the Notes in his taxable income for Luxembourg tax assessment purposes.

(b) Resident noteholder

i. Resident individual noteholder

An individual holder of the Notes acting in the course of the management of his private wealth, is subject to Luxembourg income tax in respect of interest received, accrued but unpaid interest in case of disposal of the Notes, redemption premiums or issue discounts under the Notes except if a withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised upon the disposal of the Notes by an individual holder of the Notes, who is a resident of Luxembourg for tax purposes and who acts in

the course of the management of his private wealth, are not subject to Luxembourg income tax, provided the disposal takes place more than six months after the acquisition of the Notes and the Notes do not constitute zero coupon Notes. Gain realised by an individual holder of zero coupon notes who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes must include the difference between the disposal price and the issue price of a zero coupon Note in his taxable income.

Luxembourg resident individual noteholders acting in the course of the management of a professional or business undertaking to which the Notes are attributable, have to include any interest received or accrued, as well as any gains realised on the disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the disposal price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes disposed of.

ii. Resident Corporate noteholder

Luxembourg corporate noteholders who are resident of Luxembourg for tax purposes, must include any interest received or accrued, as well as any gains realised on the disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the disposal price (including but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

iii. Resident noteholder benefiting from a special tax regime

Luxembourg resident noteholders benefiting from a special tax regime, such as (i) undertakings for collective investment governed by the amended law of 17 December 2010, (ii) specialised investment funds governed by the amended law of 13 February 2007, (iii) family wealth management companies governed by the amended law of 11 May 2007 or (iv) reserved alternative investment funds governed by the law of 23 July 2016, provided it is not foreseen in the incorporation documents that (a) the exclusive object is the investment in risk capital and that (b) article 48 of the aforementioned law of 23 July 2016 applies, are tax exempt entities in the Grand-Duchy of Luxembourg and thus income derived from the Notes, as well as gains realised thereon, are not subject to income taxes in their hands.

14.3.2.3 ***Net Wealth Tax***

Luxembourg resident noteholders, as well as non-resident noteholders who have a permanent establishment or a permanent representative in Luxembourg to which or to whom the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, except if the noteholder is (i) a resident or a non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010, (iii) a securitization company governed by the amended law of 22 March 2004 on securitization, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialized investment fund governed by the amended law of 13 February 2007, (vi) a family wealth management company governed by the amended law of 11 May 2007, (vii) a company governed by the amended law of 13 July 2005 on professional pension institutions or (viii) a reserved alternative investment fund governed by the law of 23 July 2016.

However, please note that (i) securitization companies governed by the law of 22 March 2004 on securitization, as amended, or (ii) capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or (iii) capital companies governed by the law of 13 July 2005, as amended, or (iv) reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 remain subject to minimum net wealth tax.

14.3.2.4 ***Other Taxes***

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by noteholders as a consequence of the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or exchange of the Notes, unless the documents relating to the Notes are registered in Luxembourg.

Registration of the Notes may however be required if the Notes are either (i) attached as an annex to an act (*annexés à un acte*) that itself is subject to mandatory registration or (ii) deposited in the minutes of a notary (*déposés au rang des minutes d'un notaire*). In such cases, the Notes will be subject to a fixed EUR 12 duty payable by the party registering, or being ordered to register, the Notes. The same registration duty may also apply upon voluntary registration of the Notes in Luxembourg (although there is no obligation to do so).

No Luxembourg estate or inheritance tax is levied on the transfer of the Notes upon death of a noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death. Where an individual noteholder is a resident for inheritance tax purposes of Luxembourg at the time of his death, the Notes are included in his taxable estate for inheritance tax purposes. No Luxembourg gift tax is levied on the transfer of the Notes by gift, unless the gift is registered in Luxembourg.

14.4 **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

15. GENERAL INFORMATION

15.1 Listing of Notes and Admission to Trading

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Regulated Market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Market and Financial Instruments Directive 2014/65/EU, as amended.

The Paying Agent shall have available at its specified office a copy of the Agency Agreement dated on or about 13 November 2018 (the "**Agency Agreement**") and the Guarantee, and shall make available the inspection of these documents free of charge during normal business hours.

15.2 Authorizations

The Notes will be issued by virtue of resolutions by the Guarantor's Board of Management dated February 6, 2018, the Guarantor's Supervisory Board dated February 23, 2018, the Issuer's Board of Managing Directors dated February 12, 2018 and the Issuer's Supervisory Board dated February 19, 2018.

15.3 Statutory Auditors

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (formerly PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft) ("**PwC**"), Fuhrberger Str. 5, 30625 Hannover, Germany, audited the consolidated financial statements of the Guarantor as of and for the fiscal years ended December 31, 2017 and December 31, 2016, which were prepared in accordance with International Financial Reporting Standards, as adopted in the European Union ("**IFRS**"), and the additional requirements of German commercial law pursuant Section 315e (1) HGB (formerly 315a (1) HGB), and issued in each case an unqualified auditor's report (*Bestätigungsvermerk*).

The auditor's reports (*Bestätigungsvermerke*) issued on the consolidated financial statements of the Guarantor as of and for the fiscal year ended December 31, 2017 as well as December 31, 2016 each contain an emphasis of matter paragraph concerning "The Diesel Issue", and the related awareness of members of the Company's board of management and provisions for warranties and legal risks.

PwC issued a review report (*Bescheinigung nach prüferischer Durchsicht*) on the unaudited IFRS consolidated interim financial statements of the Guarantor as of and for the nine-month period ended September 30, 2018. The review report (*Bescheinigung nach prüferischer Durchsicht*) contains an emphasis of matter paragraph concerning "The Diesel Issue", and the related awareness of members of the Company's board of management and provisions for warranties and legal risks.

PwC is member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer, Körperschaft des öffentlichen Rechts*), Berlin, Germany.

BDO Audit & Assurance B.V., Krijgsman 9, 1186 DM Amstelveen, P.O. Box 71730, 1008 DE Amsterdam, The Netherlands, have audited and issued an unqualified auditor's report on the financial statements of the Issuer as of and for the years ended December 31, 2016 and December 31, 2017. The financial statements as of and for the years ended December 31, 2016 and December 31, 2017 have been prepared by the Issuer's management in accordance with "Dutch GAAP", which term is used to indicate the whole body of authoritative Dutch accounting literature including the Dutch Civil Code and the Framework and the Guidelines on Annual Reporting from the Dutch Accounting Standards Board (collectively referred to as "**Dutch GAAP**"). BDO Audit & Assurance B.V. is member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), the Dutch Accountants board, is registered at and acts under the supervision of the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, AFM) in compliance with the Act on the Supervision of Auditors' Organizations (*Wet toezicht accountantsorganisaties*, Wta).

15.4 Interests of Natural and Legal Persons involved in the Issue/Offer

The Managers and their affiliates may be customers of, borrowers from and creditors of the Issuer or the Volkswagen Group and their affiliates. In addition, certain Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Volkswagen Group and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Volkwagen Group or their affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer, the Volkswagen Group or their affiliates routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities of the Issuer, Volkswagen Group or their affiliates, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones that are material to the issue.

15.5 Expenses of the Issue

The total expenses related to the issue of the 2024 Notes, the 2027 Notes, the 2030 Notes and the 2038 Notes are expected to amount to approximately EUR 14 million. The total expenses related to the issue of the 2026 Notes and the 2031 Notes are expected to amount to approximately GBP 3 million.

15.6 Ratings

15.6.1 *Credit Ratings of the Issuer*

As of the publication date of the Prospectus, no ratings had been assigned to the Issuer.

15.6.2 *Credit Ratings of the Guarantor*

The following ratings have been assigned to the Guarantor at the date of this Prospectus:

Standard & Poor's Ratings Services			
Rating	**Short term**	**Long term**	**Outlook**
Volkswagen AG	A-2	BBB +	Stable

Moody's Investors Service Ltd.			
Rating	**Short term**	**Long term**	**Outlook**
Volkswagen AG	Prime-2	A3	Stable

Standard & Poor's Ratings Services ("**S&P**") and Moody's Investors Service Ltd. ("**Moody's**") are established in the European Community and are registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of March 11, 2011. The European Securities and Markets Authority publishes on its website a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA

Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

Moody's has its registered office at One Canada Square, Canary Wharf, London E14 5FA, United Kingdom and is registered at Companies House in England.

S&P has its registered office at 20 Canada Square, Canary Wharf, London E14 5LH, United Kingdom and is registered at Companies House in England.

More information regarding the meaning of the rating and the qualifications which have to be observed in connection therewith can be found on Moody's and S&P's websites.

A rating is not a recommendation to buy, sell or hold securities and may be suspended, changed or withdrawn at any time by the assigning rating agency.

15.7 **Significant Changes and Material Adverse Change**

There has been no significant change in the financial or trading position of the Issuer since the date of its last published unaudited consolidated interim financial statements as of and for the six months ended June 30, 2018.

There has been no significant change in the financial or trading position of the Guarantor since the date of its last published unaudited consolidated interim financial statements as of and for the nine months ended September 30, 2018.

There has been no material adverse change in the prospects of the Issuer or of the Guarantor since the date of their respective last published audited consolidated financial statements as of and for the year ended December 31, 2017.

A material adverse change in the prospects of the Guarantor and the Issuer may occur after the date of its last published audited financial statements as of and for the year ended December 31, 2017. Such material adverse change would – should it occur – relate mainly to the diesel issue of Volkswagen AG, as discussed in detail under "*Risk Factors—Risk Factors regarding Volkswagen Aktiengesellschaft and Volkswagen Group—Government authorities in a number of jurisdictions worldwide are conducting investigations of Volkswagen regarding findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any further investigations may have a material adverse effect on Volkswagen's business, financial position, results of operations, reputation, the price of its securities, including the Notes, and its ability to make payments under its securities*" and *"—Volkswagen is exposed to risks in connection with product-related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns." and "Description of the Guarantor—Diesel Issue" and "—Legal and Arbitration Proceedings—Proceedings related to Diesel Issue*". The outcome of the diesel issue may have a material adverse effect on Volkswagen's business, and may, as a consequence, influence VIF's prospects in an unfavorable manner.

15.8 **Clearance**

The Notes have been accepted for clearance by Clearstream Banking, société anonyme, 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The following table sets forth the securities identifying data for the Notes.

	Common Code	International Securities Identification Number (ISIN)	German Securities Identification Number (WKN)
2024 Notes	191094794	XS1910947941	A2RUFK
2027 Notes	191094816	XS1910948162	A2RUFM
2030 Notes	191094832	XS1910948329	A2RUFN
2038 Notes	191094867	XS1910948675	A2RUFQ
2026 Notes	191094808	XS1910948089	A2RUFL
2031 Notes	191094859	XS1910948592	A2RUFP

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

15.9 **Documents Incorporated by Reference**

Excerpts from the following documents which have been published or which are published simultaneously with this Prospectus and filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus, to the extent set out under "Cross Reference List of Information Incorporated by Reference" below:

1. Interim Report of Volkswagen AG for the nine months ended September 30, 2018

2. Annual Report 2017 of Volkswagen AG

3. Annual Report 2016 of Volkswagen AG

4. Interim Report of VIF for the six months ended June 30, 2018

5. Financial Statements 2017 of VIF

6. Financial Statements 2016 of VIF

Cross Reference List of Information Incorporated by Reference

Page of Prospectus	Section	Pages of document incorporated by reference
Pages 74	Volkswagen AG – Historical Financial Statements	• The Guarantor's unaudited interim consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with IFRS applicable to interim financial reporting, and contained in the Guarantor's interim report pages 31-69: • Income Statement of the Volkswagen Group for the period 1 January to 30 September 2018 (p. 31) • Statement of Comprehensive Income of the Volkswagen Group for the Period 1 January to 30 September 2018 (p. 32) • Income Statement of the Volkswagen Group for the period 1 July to 30 September 2018 (p. 33) • Statement of Comprehensive Income of the Volkswagen Group for the Period 1 July to 30 September 2018 (p. 34)

Page of Prospectus	Section	Pages of document incorporated by reference
		• Balance Sheet of the Volkswagen Group as of 30 September 2018 (p. 35) • Statement of Changes in Equity of Volkswagen Group for the period 1 January to 30 September 2018 (p. 36-37) • Cash Flow Statement of the Volkswagen Group for the period 1 January to 30 September 2018 (p. 38) • Notes to the Interim Consolidated Financial Statements of the Volkswagen Group as of 30 September 2018 (p. 39-69) • Review Report (p. 70-71) • The Guarantor's audited consolidated financial statements as of and for the year ended December 31, 2017, prepared in accordance with IFRS, and contained in the Guarantor's annual report pages 195-314: • Income Statement of the Volkswagen Group for the period 1 January to 31 December 2017 (p. 195) • Statement of Comprehensive Income of the Volkswagen Group for the Period 1 January to 31 December 2017 (p. 196-197) • Balance Sheet of the Volkswagen Group as of 31 December 2017 (p. 198-199) • Statement of Changes in Equity of Volkswagen Group for the period 1 January to 31 December 2017 (p. 200-201) • Cash Flow Statement of the Volkswagen Group for the period 1 January to 31 December 2017 (p. 202)

Page of Prospectus	Section	Pages of document incorporated by reference
		• Notes to the Consolidated Financial Statements of the Volkswagen Group as of 31 December 2017 (p. 203-314) • Independent Auditor's Report in respect of the consolidated financial statements 2017 of Volkswagen AG (p. 316-325) • The Guarantor's audited consolidated financial statements as of and for the year ended December 31, 2016, prepared in accordance with IFRS, and contained in the Guarantor's annual report pages 205-318: • Income Statement of the Volkswagen Group for the period 1 January to 31 December 2016 (p. 205) • Statement of Comprehensive Income of the Volkswagen Group for the Period 1 January to 31 December 2016 (p. 206-207) • Balance Sheet of the Volkswagen Group as of 31 December 2016 (p. 208-209) • Statement of Changes in Equity of Volkswagen Group for the period 1 January to 31 December 2016 (p. 210-211) • Cash Flow Statement of the Volkswagen Group for the period 1 January to 31 December 2016 (p. 212) • Notes to the Consolidated Financial Statements of the Volkswagen Group as of 31 December 2016 (p. 213-318) • Auditors' Report in respect of the consolidated financial statements 2016 of Volkswagen AG (p. 320-321)

Page of Prospectus	Section	Pages of document incorporated by reference

Page 46	VIF – Historical Financial Information	• Unaudited interim Financial Statements of VIF as of and for the six months ended June 30, 2018
		  • Balance Sheet as of 30 June 2018 (p. 4-5)
		  • Income Statement as of 30 June, 2018 (p. 6)
		• Audited Financial Statements 2017 of VIF:
		  • Balance Sheet as of 31 December 2017 (p. 8-9)
		  • Income Statement 2017 (p. 10)
		  • Cash Flow Statement 2017 (p. 11)
		  • Notes to the financial statements (p. 12-39)
		• Auditor's Report 2017 (p. 41-46)
		• Audited Financial Statements 2016 of VIF:
		  • Balance Sheet as of 31 December 2016 (p. 7-8)
		  • Income Statement 2016 (p. 9)
		  • Cash Flow Statement 2016 (p. 10)
		  • Notes to the financial statements (p. 11-35)
		• Auditor's Report 2016 (p. 37-42)

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross reference list above is either not relevant for the investor or covered in another part of this Prospectus.

15.10 **Documents on Display**

This Prospectus, any supplement thereto, if any, and any documents incorporated by reference into this Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange under (www.bourse.lu) and will be available, during normal business hours, free of charge at the office of the Issuer.

Copies of the following documents will be available at the office of the Listing Agent during usual business hours for 12 months from the date of this Prospectus:

- the Articles of Association of the Issuer and the Guarantor; and

- the annual audited financial statements of the Issuer and the Guarantor as of and for the years ended December 31, 2017 and December 31, 2016.

- the unaudited interim financial statements of the Guarantor as of and for the nine months ended September 30, 2018.

- the unaudited interim financial statements of the Issuer as of and for the six months ended June 30, 2018.

16. SUBSCRIPTION, SALE AND OFFER OF THE NOTES

16.1 General

Pursuant to a subscription agreement dated 12 November 2018 (the "**Subscription Agreement**") among the Issuer, the Guarantor and the Joint Lead Managers, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase the Notes on the Issue Date. The Issuer has furthermore agreed to pay certain commissions to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Notes. Commissions may also be payable by the Joint Lead Managers to certain third-party intermediaries in connection with the initial sale and distribution of the Notes.

The Subscription Agreement provides that the Joint Lead Managers under certain circumstances will be entitled to terminate the Subscription Agreement. In such event, Notes will not be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

16.2 Pricing of the Notes and Yield

The pricing details have been set in the pricing term sheet dated 12 November 2018. The yield of the 2027 Notes is 2.704 per cent. *per annum*. The yield of the 2030 Notes is 3.322 per cent. *per annum*. The yield of the 2038 Notes is 4.158 per cent. *per annum*. The yield of the 2026 Notes is 3.466 per cent. *per annum*. The yield of the 2031 Notes is 4.179 per cent. *per annum*. Such yields are calculated in accordance with the ICMA (International Capital Market Association) method.

16.3 Delivery of the Notes to Investors

Delivery and payment of the Notes will be made on the Issue Date, i.e. 16 November 2018. The Notes so purchased will be delivered via book-entry through the Clearing Systems and their depository banks against payment of the Issue Price therefor.

17. SELLING RESTRICTIONS

17.1 United States of America

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S.

Each Manager has represented and agreed that it has offered and sold the Notes and the Guarantee, and it will offer and sell the Notes and the Guarantee (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of all the Notes and the Guarantee only in accordance with Rule 903 of Regulation S. Neither any Manager, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee in the United States, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has also agreed that at or prior to confirmation of sale of the Notes and the Guarantee, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes and the Guarantee from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes and the Guarantee covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes and the Guarantee as determined and certified by each Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Notes will be issued in accordance with the provisions of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D), or substantially identical successor provisions (the "**TEFRA D Rules**").

Each Manager has represented, warranted and undertaken that:

(i) except to the extent permitted under the TEFRA D Rules, (x) it has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (y) such Manager has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

(ii) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

(iii) if such Manager is a United States person, it represents that it is acquiring the Notes for purposes of resale, in connection with their original issuance and if such Manager retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or substantially identical successor provision;

(iv) with respect to each affiliate that acquires from such Manager Notes for the purposes of offering or selling such Notes during the restricted period, such Manager either (x) repeats and confirms the representations and agreements contained in sub-clauses (i), (ii) and (iii) above on such affiliate's behalf or (y) agrees that it will obtain from such affiliate for

the benefit of the purchaser of the Notes and the Issuer the representations and agreements contained in sub-clauses (i), (ii) and (iii) above; and

(v) if such Manager enters into a written contract with a distributor within the meaning of the TEFRA D Rules that is not an affiliate of such Manager and that acquires Notes from such Manager for the purposes of offering or selling such Notes during the restricted period pursuant to such contract, it will obtain from such distributor, for the benefit of the Issuer, the representations and agreements contained in sub-clauses (i), (ii), (iii) and (iv) above and this sub-clause (v).

Terms used in sub-clauses (i), (ii), (iii), (iv) and (v) above have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee and the Issue Date therefor, an offer or sale of the Notes and the Guarantee within the United States by any Manager may violate the registration requirements of the Securities Act.

17.2 **United Kingdom of Great Britain and Northern Ireland**

Each Manager has further represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

17.3 **The Netherlands**

No offer of the Notes which are the subject of the offering contemplated by this Prospectus will be made to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive, unless such offer is made exclusively to legal entities which are qualified investors (as defined in the Financial Markets Supervisions Act (*Wet op het financieel toezicht*) and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands, provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

17.4 **Prohibition of Sales to European Economic Area Retail Investors**

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

17.5 **General**

In addition to the specific restrictions set out above, each Manager has represented and agreed that it will observe all applicable provisions of securities law in each jurisdiction in or from which it may offer or sell the Notes and the Guarantee or distribute any offering material.

NAMES AND ADDRESSES

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